

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-1

Soft Governments and Hard Facts

47/1 Ngamwongwan Road
Bangkok 9, Thailand
May 31, 1973Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York NY 10017

Dear Mr. Nolte,

We are surrounded by institutions: our entire lives are embedded in them. By this I of course do not mean buildings with walls, but rather people around us behaving in predictable ways, and the pressure on us to behave in equally predictable ways. We are well on our way to understanding the physical forces acting on us. Just because they are tangible they hold little mystery for the ordinary man. We know it takes mortar to cement bricks, and we can calculate how much and what proportions to make a factory. We know the biological process of hunger, and how it drives people to work, or how malnutrition impairs working ability.

Social institutions have no less real an impact on people, but their intangible nature makes them mysteries to most people. In my newsletters I want to marry up some of the insights of the technical literature with some observations of my own here in Southeast Asia, in order to make institutions a little more understandable to us all. Among other things I shall look at what institutions are, how they emerge, what holds them together, how they change, and who benefits by them.

I believe this is vitally important for two reasons. One is that social institution is simply the name we give to systematic behavior of numbers of people, from small (the family) to large (a whole society). Thus when I say it is vitally important to understand institutions, I mean this as shorthand for collective behavior, from the viewpoint of coordination and predictability. With more people every minute using the world's limited resources, coordination and predictability are increasingly important. A second reason is that much of the discussion of induced change (e.g. economic development) unjustifiably ignores the institutional context in which change is supposed to take place. There's more than one way to skin a cat, as they say, and that is good advice here. Let's look carefully at how institutions work, and can be changed, before devoting a lot of physical resources that some say are necessary to accomplish changes we all may agree are necessary.

The approach I plan to use, at least for some of the newsletters, is to examine specific institutions which have some intrinsic importance and also offer us the prospect of some general lessons. In this newsletter I shall make some general observations on an institution of paramount importance: government. In future newsletters I plan to look at agricultural institutions, business, and universities. Each of these is important to understanding what is happening to the most inclusive institution of all -- the society. And as you know, what is happening to Southeast Asian societies is what I hope ultimately to get at. The journey is a long one, but it begins with a first step.

At least in principle the institution that is responsible for regulating other social institutions, and making them work more effectively, is the institution of government. Here I'd like to give some of my initial thoughts on the difficulties faced by governments in Southeast Asia in dealing with the problems of induced social change. Let me take as my point of departure some observations of Gunnar Myrdal in Asian Drama:

The national community is also characterized by a number of institutional conditions unfavorable for economic development: notably a land tenure system detrimental to agricultural advance; undeveloped institutions for enterprise, employment, trade, and credit; deficiencies in national consolidation; imperfections in the authority of government agencies; instability and low effectiveness in national politics; low standards of efficiency and integrity in public administration; ineffective organs for provincial and local self-government; and a weak infrastructure of voluntary organizations -- the institutional conditions which together constitute these national communities as "soft states" in our terminology. At the root of all these institutional debilities is a low degree of popular participation and a rigid, inegalitarian social stratification(p. 1863).

"Soft states" thus are hampered, as Myrdal notes, in bringing about the measures that would stimulate economic development -- although, of course, just what those measures ought to be is hotly debated. Nevertheless, whatever kinds of measures one thinks should be pursued can't be pursued very effectively by "soft states." The problem is a much larger one, though, than just economic development: it extends to any kind of measure to alter behavior, for example policies to increase social justice, to expand literacy and education, to spur birth control, to bring about a redirection of consumption habits to improve nutrition -- the list is endless. Improving the effectiveness of the regulating agency itself is thus some kind of key to the puzzle of moving a whole society in desirable directions.

We should recognize right now, though, that we are talking about power, and power is a two-edged sword -- it can be used for good or bad. That is perhaps too poetic -- in real life it is not good or bad, but "for whose benefit." Thus I think it important, whenever we talk about increasing the power of institutions like government, always to keep in mind the distributive problem -- who is going to benefit by this increased power in reality, not just in public rhetoric. There are certainly some efforts being carried on now to increase the power of selected Southeast Asian governments, without the parallel concern for whose interests are being served by this effort. I plan to speak more to the issue of how to make institutions accountable and responsive once we endow them with a greater capability to do anything at all. To do otherwise is irresponsible.

Is greater effectiveness just a matter of greater coercion? Many people seem to believe so. To pick one suggestive example, from Myrdal himself:

The real and very serious dilemma covered up by this verbal fuzziness about the ideal of voluntariness is that there is little hope in South Asia for rapid development without greater social discipline. To begin with, in the absence of more discipline -- which will not appear without regulations backed by compulsion -- all measures for rural uplift will be largely inef-

fective. In principle, discipline can be effected within the framework of whatever degree of political democracy a country can achieve; in the end nothing is more dangerous for democracy than lack of discipline. But the political and social conditions in these countries block the enactment of regulations that impose greater obligations; even when laws are enacted they cannot be easily enforced(p. 895).

What I want to suggest here, on the basis of my past observations in this part of the world, is that the easy answer of compulsion is not the right one in fact, and to the extent it works at all, it is degrading to the people involved as well as working contrary to the goal of distributive justice. Giving governments more tools of coercion is just not the solution.

I can say this because there is another solution, apparent at least to me. There are ways to motivate people to want to cooperate, that is, using "positive incentives" rather than "negative incentives." This is the way to expand the "framework of democracy" that Myrdal thinks may be possible, so as to reduce the scope of coercion, that is, to reduce the number of people who would even want to resist or ignore efforts in their own benefit.

The type of approach I am suggesting as possible is in a sense easier and in another sense more difficult than current thinking about reforming "soft governments." It is easier because it does not require the expenditure of a lot of physical resources for training courses, buildings, salaries, expensive foreign advisors, etc. It is easier also because it takes the mystery out of why some governmental institutions are so ineffective. It is more difficult in that it deals with a kind of "currency" that Westerners accustomed to dealing with monetized economies have little experience with; and also in that it deals with some of the most intractable social and political problems -- that is, who is going to benefit by the current social arrangements, who will compose the government at various levels, and what kind of psychic rewards they will receive.

Let us look at a couple of typical developmental problems from the current perspective and see what the bottlenecks are. First, take the case of a government trying to bring about the adoption of new seed varieties among farmers. It wants to use agricultural extension agents and the framework of existing cooperatives. Assume that credit is available, and the technology proven. In a country like Thailand (and I think more generally this is true), the effort will not be very successful by this means. Innovation will follow an "S-curve" with the richest people adopting first. The process may never even get beyond the bend in the "S," i.e. the people who most need the innovation to improve their incomes may never come to adopt it. Here are some reasons why this happens. For one, the better off are not going to rely on the ag extension agent -- they get their information by reading about the innovations, by relying on seed dealers in cities, etc. They also have the independent capital to put into the effort, enough land, and a surplus for survival in case of a flop(though we assume the technology is proven). These people, then, are relying for their information on the market structure and the things that come with it. For capital and for risk protection they rely on their own resources. They innovate, make profits, and further consolidate their own economic (and ultimately political) position.

The government effort is intended to provide a parallel, but different, structure,

for the less well off, particularly the farmer who is not yet in the market, or in it but little. The personal contact between the extension agent and the farmer is intended to replace the market as a source of information. The cooperative is intended to replace the rich farmer's access to capital. It also might provide some management inputs and some risk insurance.

This alternate government-sponsored structure is relatively less effective than the market structure for several reasons. The government institutions themselves -- the agricultural extension service, the cooperatives -- are subject to all the debilities that Myrdal mentions as characteristic of soft governments: lack of bureaucratic accountability, failure to carry out orders, tardiness, failure to provide information to higher echelons, occasional financial improprieties, etc. A second difficulty is that the local cooperatives themselves (as opposed to the governmental superstructure) are endowed with few powers and don't function to the required level of effectiveness. A third and entirely different problem is that extension agents, as government officials, have difficulty in dealings with villagers (more on this below). Given this kind of institutional immobility, the solution currently chosen is to make half-hearted efforts to invigorate the institutions (without really knowing what is wrong) while relying principally on the market, with all the resulting distributive consequences contrary to public policy.

Let us look at a second developmental situation: rural unemployment and underemployment. For a variety of reasons, such as seasonality of single-crop rice-farming, there is an abundance of labor power available in the rural areas at various times. At the same time there are many capital projects which need labor to complete: roads, irrigation works, wells, etc. It would be desirable to utilize this labor. Compulsion? No. (This used to be done, with the corvée system, but that was abolished early in this century.) Cash payment? That would be a drain on the national budget; in addition, if it were done on a large scale, it might have an inflationary impact. From the conventional viewpoint, there is no good solution. (Have foreign donors bear the cost!)

Though this is framed in terms of two specific examples, the problems are more general. The kinds of institutional immobilities which hinder agricultural innovation hinder innovation in general; similarly the financial cost calculus applies across the board in trying to motivate large numbers of people. If we could break down the institutional blocks, or find a supplement to cash motivation, we could get economic or social change for less financial cost; or alternatively, we could get more change for given levels of capital investment.

Well, I believe there are answers to these problems, though they remain well hidden in arcane scholarly journals, or else are offered up in a polemical context which turns off the reader. To some these ideas may appear visionary, or impractical, or even "revolutionary." It is true that some revolutionary governments have adopted some of the measures I discuss here -- that is what revolutions are all about. I suspect that the revolutionaries got the ideas not from the arcane scholarly journals but from actually going out to talk to ordinary people. In any event, we are faced by unprecedented challenges in the last quarter of the twentieth century, and I believe it is our responsibility to look at something different to see what it tells us about ourselves.

Consider this scene in the United States. A high-ranking civil servant or military officer is walking down a corridor in a government office building. From the other direction a subordinate approaches. American courtesy dictates that the subordinate say "Good morning" or, in the military, "Good morning, sir," as he passes the superior.

What would the scene look like in Thailand? In the case of a military location, the subordinate, say a corporal or sergeant, would have to stop, stand at attention, and bow, as the superior drew near. The norms for a civilian environment are a little different but convey the same much greater difference in deference in the Thai as compared to the American context.

This little story has an important moral. Foreign advisors coming to Thailand may just be flattered and pleased by the far greater signs of respect they receive here. They should also realize that societies with this kind of deference behavior are ones prone to have poorly functioning public institutions.

Just why is not hard to understand once you think about it a bit. It is a well known fact in sociology that status differentiation impedes communication, and the greater the differentiation, the less communication. Two examples: Fill a room with strangers, say 50 people, who bear obvious status marks e.g. some wear ties and some don't; some speak with New England accents and some speak with regional accents from other parts of the country, etc. After 30 minutes look into the room to see what kinds of spontaneous groups have formed. Another example: as an employee, do you feel an inner resistance to walking in on your boss? On his boss? On the president of the company? As a student, did you feel an inner resistance against walking in to see a professor?

The answers are obvious in these cases, because we have all internalized the same norms. But from thinking about it you can realize that, since institutions require communication to function, social norms enforcing more stringent deference behavior are going to make bureaucratic institutions less effective. A slightly different aspect of the same thing: the reluctance to walk in on superiors who are perceived to be far higher in status accounts for the lesser display of initiative in such situations. Similarly the paperwork is not going to flow very well, things won't move too fast, and the boss won't be able to find out whether orders have been carried out.

The solution to this particular cause of organizational ineffectiveness (there are others) is to reduce status differences. In the West this happened gradually, autonomously, over a long period of time, more in some places (the U.S.) than in others (France, Spain). It can also be brought about more rapidly, by an act of will, to eliminate at least the external signs of exaggerated deference behavior. Examples: the West German army recently abolished one such deferential term of address to officers. Revolutionary governments, at the extreme, abolish all deferential terms of address (remember the French Revolution: everyone was "citizen"), as well as differences in dress.

One may respond, "But if the government is so weak as not to be able to enforce tax laws, how can it enforce such measures on social norms?" The answer is that "soft

governments" can still do some things. What they must do is to put their scarce resources where it counts, in the "leading sectors" as an economist might say. Status differentiation is one such leading sector to make public institutions work better.

Another cause of "soft governments" springs from their social composition. The civil service in Thailand cannot provide a living wage to its members at the middle ranks (it did when the salary scales were established decades ago, but inflation has eaten up the originally handsome salaries). For many people this is a problem. For others it is not, however, because they hold civil service jobs for their enormous prestige, not the money. That is, they wish to have prestigious jobs consistent with their social status outside. Hence second-grade civil servants earning \$85 a month drive to the office each day in their chauffeured Jaguars and Mercedes'. It should be plain that they have no particular incentive to excel in their jobs, since their jobs are status symbols, tokens of their high social rank, and not careers in the ordinary sense. Thus the rewards which could ordinarily be used to motivate proper performance of duty do not have the expected effect with such civil servants.

In the West the change long ago took place by which government bureaucracies became staffed by career servants, rather than by men of high status as an adjunct to their high social standing. Revolutionary movements and revolutionary bureaucracies handle this problem by forbidding entry, or at least making it more difficult, to members of the upper classes. While they justify this on equity grounds, a side benefit is that the individuals recruited, coming from lower classes, will be more highly motivated by an identical incentive. A government such as that of Thailand has obviously not chosen the revolutionary alternative, but neither has the society undergone the gradual changes on its own which would have the same effect.

Both of these processes result in low "power" within the government: inability of superiors to see that orders are carried out, and a general ineffectiveness and sluggishness. That is, strictly within the government hierarchy, it is difficult for the superiors to see that what the top says, the bottom does. But the same processes also hinder the spreading of the government's influence among the population itself, i.e. not only vertical diffusion, but horizontal as well.

The status differences interfere with contact between government and people. The latter prefer to avoid contact, both due to the signs of deference enforced on the contact, and due to the norm that the superior is supposed to initiate the contact. The Thai have a word for this: they call it chao nai, or the "lord and master" attitude. A typical example occurred two days ago when my wife Chumsri called the police to make an inquiry about an automobile registration. She did not identify herself as an official.

Chumsri: Good afternoon. May I please speak to Lieutenant Phongnop?

Policeman: (Gruffly) He's not here.

Chumsri: Will he be in later?

Policeman: Is that all you called to find out? What a nuisance! (Hangs up.)

Chum then called back immediately to find out who had said such a thing on the phone. He turned out to be a private. Such is the self-perceived position of even a low-ranking

"public servant" vis-a-vis the public.

A conversation the next day will illustrate another aspect of this same obsession with status. Realizing the futility of using the "polite citizen" approach in calling the police, Chum used the "high-ranking government official" approach. Note the different attitude at the other end.

Chumsri: (No "Good afternoon," no polite particles) Let me speak to Phongnop!

Policeman: I don't see him now, ma'am. Would you like me to look in his office?

Chumsri: Yes! Run!

Policeman: (Returns panting to telephone) He's not in now ma'am. Shall I have him call you back?

While the police are at an extreme in Thailand compared to other bureaucracies, there are still large status differences between officials and citizens, regardless of the bureaucracy involved. Thus it can be seen that from these extreme incidents how difficult contact is between officials and citizens in Thailand, compared to a bureaucracy in another country with less exaggerated differences. Not only do the people themselves avoid contact, so do the officials: it is "declassé" for a civil servant to associate on an equal basis with ordinary farmers, for an agricultural extension agent to get dirt under his fingernails, etc. Since the bureaucracies themselves don't work very well, and since the people are reluctant to make an approach due to the status problem, the result is stagnation, or at least less rapid accomplishment of programs than in a different type of institutional environment.

I might also note that petty corruption is also facilitated by these status differences, since they impede communication. With greater communication i.e. greater openness of higher officials, less reluctance of citizens to demand redress and public accountings, etc, the abuses of subordinates would be more frequently exposed and, in time, decline.

Who gets recruited into the government similarly limits the ability of the government to help, even when it wants to. Right now there is a fairly sharp demarcation between "the government" i.e. the officials who have civil service status, and hence power to make decisions, down to district level, and "the people" and their leaders at the village level, who carry out decisions made for them. To become a civil servant, and hence enter the arena of power, one must have a higher school certificate and pass an examination. Entry is very restricted, and as might be expected, there is a considerable overlap between social standing and entry into the civil service.

Experiments have shown that in this kind of situation, the power-holders can extend their influence by sharing their power with those below i.e. admitting more to the limited circle of power-holders. To return to the example of underemployment: Rather than approaching villagers as a thing apart, making demands, there are ways for the government to offer more decision-making power to local leaders who are listened to by villagers, so that these leaders, using their own influence, can motivate villagers to take part in public projects in free time. Similarly high-status officials can share some of their status with local leaders, and citizens, who cooperate

in efforts of public benefit. This need not be limited to digging a canal: it can be done with any type of behavior that the government wants to stimulate: adoption of new agricultural techniques, birth control measures, redirection of consumption or increased savings, etc.

What I am saying, then, is that there are other kinds of currency besides cash, and in trying to bring about desirable changes in behavior, we should use all the currencies at our disposal. It seems to me that too much of the modernization literature (perhaps under the influence of Western-educated economists) talks only about using cash payment, or else assumes that institutional rigidities are a "constant" which we just have to live with.

The benefits of using other kinds of currency -- power and status -- are plain to me. First, it saves scarce money. Second, the diffusion of power and reduction of status differences make the public institutions themselves work better. Third, the diffusion of power and reduction of status differences at the same time lead to greater social and political equality. Fourth, the lesser reliance on the market mechanism leads to greater economic equality than reliance on cash incentives. (We know from innumerable studies that "capitalist" development, i.e. reliance on the profit incentive, leads to greater economic inequality for several generations at least.)

Of course nothing is for free in this world. These kinds of institutional changes won't cost much cash. But they will cost elites some of their power and status, which are obviously two of the rewards they get from the kinds of "soft governments" we are talking about. The reason why these two currencies would be effective in inspiring greater cooperation with government is just because they are so monopolized at present. One reason for the small interest at present in these currencies may be that the elites are in charge of the development plans. It is easier to get a loan for \$100 million from the World Bank than to think about sharing some of one's own privileges. Well, maybe now. But as I suggested earlier, the challenges facing us now are unprecedented. There is just not enough investment capital to accomplish the tasks that face mankind in the decades ahead. Sooner or later we are going to have to look at other kinds of currency. Some countries already have, with surprising results.

I've been very general here, in order to get down the broad outlines of my thinking. In future newsletters I'll look at some of the more specific ways that institutions can be changed for the better.

Sincerely,



Jeffrey Race

Received in New York on June 5, 1973.

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-2

47/1 Ngamwongwan Road
Bangkok 9, Thailand
June 30, 1973

Motivation without Money

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York NY 10017

Dear Mr. Nolte,

Improving people's lives throughout the world means change -- that is practically definitional. In the world-wide efforts to achieve change, I am struck by the monomania for economic change and economic means to achieve change. In my last newsletter I mentioned some of the problems with cash as an incentive: it is scarce; its use aggravates maldistribution of income (serious world-wide and growing worse); and it doesn't have much relevance to non-monetized or poorly monetized areas. But let us leave these facts aside for a moment and consider something rather obvious about human behavior: most behavior, including economically relevant behavior, is not motivated by cash incentives. To give some examples: clothing styles; speech patterns and dialects; beliefs about worthy goals in life and the striving after them; work habits; hygiene and health habits; saving and spending, especially use of surplus; use of leisure time.

Let me give a more specific example of how non-monetary, in this case social, incentives motivated behavior which was both risky and distasteful in one contemporary instance. I will quote here from a recent issue of Newsweek reporting Senator Baker's questioning of Bart Porter about his committing perjury:

Baker: Did you ever think of saying "I do not think this is quite right, this is not the way it ought to be"?

Porter: Yes, I did.

Baker: What did you do about it?

Porter: I did not do anything.

Baker: Why didn't you?

Porter: In all honesty, probably because of the fear of group pressure that would ensue, of not being a team player.

A comparable account also comes to mind from the April 5 New York Times, in which Ernest Fitzgerald reported the tremendous group pressures brought to bear within the Pentagon to prevent unpleasant information (in his case on cost overruns) from reaching Congress.

My point here is not to dwell on unfortunate instances of improper official conduct. But these cases permit me to dramatize how non-monetary incentives can provide extremely powerful levers on human behavior, compelling actions which the individuals themselves would otherwise not perform.

Now this hardly comes as news to psychologists, sociologists, and probably just ordinary thoughtful people. But it seems to me of obvious and overwhelming relevance to the attempts to uplift the lives of people throughout the world -- I refer not only

to economic development but to the broader kinds of institutional changes which I discussed in my last newsletter. I find it difficult to reconcile what we know, or can easily learn, about changing human behavior, with the preoccupation -- you might call it obsession -- in the developmental literature with economic motivation, economic growth, capital investment, input/output ratios, etc. It seems to me that this whole trend of analysis and policy response treats as constants what are the most important variables in the processes we are concerned with. We are, so to speak, putting high-test gas in the engine to speed it up while ignoring the fact that it is firing on only two cylinders.

Having said this much about the general nature of the problem, I would now like to describe some real-life situations in this region where non-cash motivational methods are used in the service of social change. As with perjury on the previous page, I am not advocating the particular goals or methods employed here -- I just want to show the extent of what can be done, the limits, and who benefits by various kinds of arrangements.

The first approach is one employed by the Thai government in its rural community development projects. It attempts (where possible -- the program is controversial) to involve the local Buddhist monks in the development efforts, so that their influence can be brought to bear on villagers to take part in ways, or to an extent, they might not do otherwise.

It might be helpful to describe briefly the local context in which these efforts take place. Rural communities are formally headed by a villager selected from the village to serve a term of five years (though in practice election is for life). The headman receives a minute stipend from the government, in return for which he carries out certain administrative responsibilities. His official powers are very limited, and he remains a villager -- the job leads nowhere. The other two local representatives of the external power structure are the local teacher, a civil servant employed by (and sent from) the Ministry of Education, and the local priest or head of the village temple.

For reasons which do not concern us here, the Bangkok authorities are interested in carrying out various development projects, i.e. constructing certain artifacts such as roads, for which funds are not sufficient to hire the labor required. The problem is thus one of inspiring rural people to do something they would not do otherwise. Experience reveals that it is not enough for the village headman to issue an order for all villagers to assemble to carry out the work. Thus often the standing of the local Buddhist priest is invoked to motivate villagers to cooperate.

The resulting cooperation is often explained by the desire of individuals to acquire "merit" in accord with the beliefs of the Theravada Buddhist faith. Anthropological investigators have concluded, however, that much of the participation in religious activities (or in activities which religious leaders endorse) is motivated by a desire for social approval or some other kind of enhanced standing in the local community (there is nothing particularly Buddhist about this, of course -- consider what it does for your business or credit standing to be active in a high-status Protestant denomination in the U.S.!).

One investigator of this effort to employ the monkhood to stimulate development noted that "Of all the formal and informal positions in the village social structure, the position occupied by the village priest, without a doubt, ranks the highest in

terms of the village prestige/respect/influence scale, clearly outranking the positions of headman and school principal." It is on this influence that the Bangkok authorities seek to trade.

I should note here in passing, because it is central to a point I want to develop later, that the relatively greater influence of the priest than the headman is not hard to understand: it results from the villagers' perceptions (at this time) that the priest has a more important "linkage role" (excuse the jargon) to important outside forces than does the headman. That is, villagers perceive that the priest can deal more powerfully with powerful outside forces (local and national political spheres, the supernatural world) than can the headman. It is essential to understand this in order to understand what would increase the influence of a role such as that of the headman's. Put another way, we must understand this in order to understand why the institution of village government is as ineffective as it is, for example, as an agent of social change.

In any case, let me quote part of the investigator's report to illustrate the influence of the Buddhist priests, i.e. the effectiveness of a non-cash motivational system.

The observational studies conducted in the area clearly reveal that the achievement of many of the important village improvements, relating for example to road, school and water supply systems, was largely due to the efforts of certain energetic local priests. Two telling examples may be cited.

In Amphur [district] Phina, Ubon province, two villages had agreed to collaborate in constructing a six-kilometer road that would link both villages to the ARD [Accelerated Rural Development] road then under construction. The contemplated village road, if developed, would cut across the property of several village families. Most of these families readily agreed to donate the affected land, but a few families refused to do so.

After many unsuccessful attempts by the local secular leaders to secure the cooperation of these latter families, the abbots of the two villages involved were approached for their assistance. When the abbots personally appealed to the heads of the hold-out families, all resistance melted, and the villagers all joined in completing the construction of the road.

The second example comes from a village in Udon province. There the acceptance by the local abbot of the position of "honorary treasurer" of the campaign fund for the construction of a local bridge resulted in the fund being oversubscribed by the local people. Until the abbot had lent the weight of his prestige and influence to the campaign the local secular leaders were unable to secure the necessary monetary contribution from the people.

What are the lessons from these incidents? First is plainly that something was motivated without the need for cash expenditure. Indeed, in one case cash was actually extracted, obviously a more pleasant means than taxation or confiscation. A second point which needs emphasis is that there was nothing uniquely religious about the process; it could be duplicated in a secular context. The principle employed here was simply convincing the respected leaders of a coherent social group to serve as mediators between the local members of the group (a rural Thai village) and outsiders who wanted the local people to do something (the authorities in Bangkok). Such groups exist already among almost any fixed community, and they are usually particularly coherent in rural "underdeveloped" and especially poorly monetized areas, with which we are particularly concerned.

To compare different possible approaches, we ought to ask several questions about this process. First, what do the local people get out of it? In this case, they get social approval for cooperating. (As a byproduct they get a road or a bridge.) What do the mediators get? Here they were Buddhist priests; presumably they complied with the request of the outsiders in order to fulfill their self-perceived role as (in one view anyway) agents of uplift for the villagers in their care. This is important since compliance out of obligation to an ideology or a religious doctrine permits passing only certain messages to the local community -- and here is an important limitation on using religious hierarchies as agents of social change. What do the outsiders get from the process? They were the ones who wanted the road and the bridge, which is what they got.

We would also want to ask what each participant had to put into the process. The villagers had to put in labor, land, or cash. They did, and considered it worthwhile in exchange for the approval. The priests had to use some of their limited fund of influence for a given project, which they judged consistent with the message they were instructed to carry. The outsiders got the best deal: they inspired everyone else to behave in ways they wanted, without having to put in anything at all. (Alternatively, we might say they had to use some of their limited fund of influence with the priests.)

With this example in mind I would now like to consider a completely different situation, in which the same technique of non-cash motivation is used. It differs in many other respects, though, which I believe will help us learn a lot about the process in general. The situation I plan to discuss is the development of a counter-government in a number of weakly-ruled rural areas of Thailand, an actual revolutionary administration. This revolutionary administration accomplishes changes broader in scope than those sought by the Bangkok authorities, and it uses broader incentives -- but still not cash ones.

I should note here that it was study of a similar situation in Vietnam that initiated my interest in non-cash motivational methods of social change. At the time I was concerned with the amazing motivation of revolutionary military forces in Vietnam, a motivation which is often explained in terms of fanaticism or terror. As I studied the methods used I came to see that many kinds of currency were used to motivate the remarkable performance demonstrated on the battlefield -- but not cash, which was provided in quantities just barely sufficient for subsistence. As I studied the situation a bit more I found that many of the motivational methods used in a military context to evoke effort were also used by revolutionary movements or governments to bring about social change, and to accomplish labor-intensive infrastructure projects without the use of money wages. What I want to illustrate now is how such a revolutionary administration in Thailand motivates both men and social change, without cash. Some of its techniques are similar to those employed by the Bangkok authorities, and some are not.

The revolutionary leaders would like to bring about new kinds of behavior, for example collective labor projects, new kinds of participation in political institutions, new agricultural techniques, different uses of each family's economic surplus. Furthermore in order to protect their areas they would like to motivate participation in military or quasi-military activities. They have little or no cash for these purposes and furthermore they are opposed to cash motivation both on ideological grounds and for the undesirable distributive consequences which capitalist economists have also noted.

The revolutionaries employ two non-cash mechanisms which I want to compare here with those used by the Bangkok authorities. The first is social approval, like the use

of the priesthood's influence in government areas. As far as I have been able to determine, however, they prefer to use secular leaders for their purposes. The procedure is to locate informal community leaders, that is, those who are respected and influential, even though not holding some official post. They are persuaded to cooperate in the effort, to act as the kind of "mediators" I spoke of earlier. Through their influence villagers will be led to do the kinds of things they would not have done otherwise, for example to form local self-defense groups, to form village economic cooperatives, to begin new hygienic practices, etc.

The local informal leaders will reward this kind of behavior by orchestrating local opinion to praise those who innovate: this can range anywhere from simple word-of-mouth approval to organized festivities especially for the occasion, even to awarding special titles or honorific positions to outstanding individuals. (You may recall the "Stakhanovites" from revolutionary Russia -- the method is the same.)

The effectiveness of this technique is determined by the degree to which the selected mediators are indeed "informal leaders" i.e. the extent to which people spontaneously respect and follow them. This quality of leadership is personal in nature, and while we always want to take advantage of natural leadership where it exists, we really don't want to be limited by some random process outside our control either. To overcome this problem the revolutionaries adopt one of the types of institutional changes that I discussed in my last newsletter: they take steps to enhance the influence among villagers of local secular leaders such as the village headman described earlier. I suppose everyone is looking for a way to do this. Myrdal spoke, in the paragraph I quoted last time, of using coercion. But that is self-defeating. Actually it is not hard to do at all, although the means appears somewhat paradoxical. The revolutionaries increase the influence of the local leaders among their people by increasing their influence vis-a-vis the outside world. It's that simple.

Let me spell this out in more detail. A short while ago I described the reason for the greater influence of the priest over the headman: villagers perceive the priest as more powerful vis-a-vis outside forces than the villagers want to bend to their own purposes. The principle is plain: I will give respect and compliance to those individuals who are in a position to say a good word for me with some third party (including the next world). The village headman doesn't count for much, and the villager knows it, with those who have the real power in the rural areas: the district-level representatives of the civil service. These are people appointed and sent from Bangkok, and they control the disposition of resources, the dispensing of justice, the issuance of land title deeds, and so forth. Villagers do comply with what the district officer says, but he cannot really be the cutting edge of rural change or development, since there is only one of him for perhaps 200 villages.

As between the priest and the headman, the priest gets his influence from his influence over the next world. As between the government headman and the revolutionary headman, the latter gets his influence by increasing his power over this world. That is, the revolutionary leaders, in their system, permit "their" headmen to share in some of the kinds of decisions which would be made unilaterally under the Bangkok system by the district officer or his superiors. What they thus do is to push the level of powerful influence of elites further into the population -- since there is one headman per village, compared to one district officer per 100 or sometimes many more villages.

Actually the revolutionaries go a bit further than this, but I wanted to get the principle established first. What they do to amplify even this expanded penetration of elites into the population is to replace the government headman by a committee of people, jointly responsible for decisions at the local level. This is a means of yet further expanding local influence, since instead of one person with a network of followers in a village, you might have five persons, each with his own influence networks, say among women, farmers, young people, the elderly, etc. Also, the revolutionaries go a step further and change the source from which the "district officer" category of people is chosen: rather than being recruited from Bangkok, they are recruited out of the active people in the villages.

What can we say about a comparison between these approaches? This is the most difficult part, and one I am seeking more information on. It seems clear that the Bangkok authorities have been somewhat successful in using mechanisms of social approval to stimulate the construction of artifacts in the rural areas. Certainly many roadbuilding projects have been completed in this way, saving scarce cash from the national treasury and avoiding the unfortunate distributive consequences of cash motivation. The people involved have plainly felt a sense of well-being from participating in this way, and it is likely that the facilities thus constructed will be better maintained than if they had been built by contract labor from outside the local areas. The couple of sources I have checked so far indicate that this approach has been less successful in stimulating the adoption of new behavior habits e.g. in regard to personal hygiene.

It is more difficult to get reliable information on the effectiveness of the revolutionary movement's methods, but fragmentary sources suggest that as far as artifacts go, the revolutionary movement is equally successful. These sources also suggest that the scope of its success is broader. For example, it is known that effective labor exchange teams, and effective purchase and sale cooperatives are established in revolutionary areas, something the government has had difficulty with in its own areas. Some of the "indicators" of revolutionary presence are also suggestive: disappearance of drug addiction; disappearance of bandits and cattle rustlers; obvious improvements in personal hygiene such as use of soap and toothpaste; unusual cleanliness of houses and villages. That is, police and military personnel are instructed to observe whether these characteristics are present without any activity on the part of the government, and that is considered to be an indication of the presence of revolutionary organization. This suggests to me that the motivational techniques of the revolutionary movement are effective not just for "development" i.e. more artifacts, but also for change, i.e. in social behavior and in institutions.

What is the meaning of all these facts? I don't want to lay down any rigid rules, but one inference is certainly consistent with this data from Thailand: serious social change requires more than just the mechanism of social approval, and it requires going beyond existing structures (e.g. the religious hierarchy in Thailand). The Bangkok authorities utilize social approval, and religious mediators, and get artifacts, quite successfully. They would like to establish effective cooperatives, improve health and sanitation practices, reduce thievery and corruption, and perhaps redirect some economic surplus from ritual expenditure into economically productive investment. These things are accomplished by the revolutionary movement, but it goes further than the Bangkok authorities: it shares power much further down than do the Bangkok authorities; it recruits its people from different social groups; and it concentrates on secular rather than religious mediators. Thus it seems to be able to inspire broader and more energetic participation in its limited areas, and it is not limited in the kinds of messages the mediators are willing to transmit. For example, one possible goal of

social and economic modernization might be a redirection of ritual expenditures. It also might be difficult for a religious mediator to transmit this message to his followers -- although we cannot be rigid about this, for Buddhism itself was a revolutionary faith at the time of its founding, in reaction to then perceived excesses of Hinduism. And Weber's famous observations on the economic consequences of Protestant belief need no repeating.

What about the distribution of costs and benefits? In qualitative terms we can see the differences pretty clearly. Under the government system, the villagers will obtain some physical development of local facilities, such as roads, wells, schools and electricity. Social change, that is, a decisive alteration in the ways people interact with one another, does not seem to be transmitted by this mechanism. What do the mediators get? The village headman will receive satisfaction from accomplishing village tasks, as well as his monthly stipend (about \$4.00). The village priest will similarly derive a sense of well-being from taking part in and leading cooperative village activities. The people higher up receive much more substantial rewards. Thus the district officer, under whose supervision all these efforts take place, gets even greater satisfaction from the great power which he wields, and also from the considerable deference he is given everywhere, all day. (Examples: respectful terms of address, ceremonial receptions whenever he visits, seeing people dip their head beneath his as they pass him, etc.) He also has, in addition to this psychic income, the prospect of promotion upward into ever more powerful and higher-status positions. As we move to the capital city, we find that the rewards are greater still. Here are located the senior people in the district officer's bureaucracy: they receive far greater amounts of deference, have far greater authority, and also receive substantial financial income. Moreover, since we are speaking of a system emphasizing economic growth, economic incentives, and physical artifacts (much funded by foreign donors), these must all flow through the capital city and the bureaucracies located there. A certain percentage must be retained for overhead and administrative expenses, so the capital, and the offices and people there, will be well supplied with jeeps, radios, phones, air-conditioners, etc.

What about the alternative system? Under it the villagers receive less physical construction, so far as we can see in Thailand. However, they seem to receive more in the way of the social goals which the Bangkok authorities have declared they would like to achieve themselves, such as more saving, more cleanliness, better health, improved literacy, better public security, etc. In short, more social change. The villagers, as an adjunct to getting these things, also get greater participation in the decision process (since this was the means to motivate the changes in the first place). This is the kind of participation which the U.S. Congress was talking about in Title IX. Because of the changed recruitment system, they also get a shot at becoming members of the political and administrative leadership, that is, they can become "district officers." Under this system the position of the mediators changes considerably as well, since they are given considerably more power over their "superiors" in order (paradoxically, as I said) to enhance their power and influence over the villagers. Thus in addition to the feelings of satisfaction which the government headman and village priest get from doing their jobs, they also get some of the deference and influence which were reserved to the district officer under the Bangkok system. In other words, the distribution of benefits has moved down one level at least. I don't have good information on what happens to the higher levels in this system, but from this information two things are clear. First, since the lower levels have more power over the higher, the higher levels do not get as much psychic income from their jobs as their counterparts do under the Bangkok system. Second, since there is less emphasis on physical artifacts, fewer physical resources flow down through the system

and thus fewer have to be retained at the top levels to cover overhead and administrative charges.

Now let us look at some of the trade-offs involved in this process. We are plainly discussing a continuum of possible measures which might be employed to motivate behavior, and one, some, or all might be employed depending on how much change one wants and who he wants to pay the costs. It gets difficult here because it is notoriously hard to quantify the payoffs from public programs. I am going to take some crude estimates, because what I want to show is not the exact quantitative relationships but the shape of the tradeoffs.

From what I know of the revolutionary areas in Thailand, I think that using the full set of non-cash motivational techniques described here it would be possible to double the rate of change, by any number of indices, e.g. annual rate of increase in literacy, annual rate of increase in use of certain sanitation measures, of numbers of people in functioning cooperatives, etc. Say that all of these programs throughout the country are now costing 100 million dollars per year. To double the rate of increase by current methods the "money-minded" economists from the World Bank might say, we need to add another 50 million dollars.

What is apparent to me from this argument is that you could get the same increment of change, without paying the money, by the kinds of institutional changes described. What would it cost? The crucial nexus seems to be that between the district-officer level and the villages. In order to motivate the villagers the equivalent of our 50 million dollars, you could take away some of the power, and some of the deference, from the district officers and people who work with them. There are about 700 districts in the country, and let us say there are ten people in each who would lose some psychic income (no money, mind you). As a really rough guess, then, you could take away some of the benefits from 7,000 people, and offer them to about 100,000 others, and get the same thing as spending 50 million dollars of the World Bank's money. You might take less, you might take more, maybe from more people and maybe from fewer, but that is the general shape of the tradeoff. I think it ought to be seriously considered by those in the business of economic development and social change.

In the future I hope to get a better grasp on these estimates, and perhaps develop some specific examples. I think I have been conservative here, though. In fact, I think it fair to say that under the present system, certain kinds of social change which the Bangkok authorities have declared they favor can never be accomplished. Fortunately there do seem to be ways, such as I have described here, and I plan to refine my descriptions as I get more data. The point I want to emphasize, however, is that social change means social change. It is not enough to add resources. If people want change, then they must be prepared to change things. Pardon the repetition, but after a couple of decades of rhetoric, the message has not yet sunk in.

Sincerely,

Jeffrey Race

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-3

47/1 Ngamwongwan Road
Bangkok 9, Thailand
August 18, 1973

A Trip through the North

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York NY 10017

Dear Mr. Nolte,

Thanks to the Queen's Birthday my wife Chumsri did not have to teach at the university for two days, so we were able to make a trip back through the North, where I had not been since doing research on Thai-tribal relations during the summer of 1970. We left on Saturday the 10th and returned late evening on the 15th. Chum is the best interpreter in Bangkok, so when my still "conversational" Thai failed me, she came to the rescue.

On my two-month stay in the North in 1970 I had been concerned to study the situation among the hilltribes during the previous decade, but on this trip we wanted to look at what is happening to the ethnic Thai in the mountain valleys of the North. Except for urban Bangkok, the North has the highest population density in the country; people are just running out of space in the valleys, and the pressure is on the foothills and the hillsides. The northern valleys thus give us some hint of what the Central Plain may look like with another decade of vigorous population growth (Thailand has one of the highest rates in Southeast Asia). At the same time, the mountains are a fantastic natural resource, if properly exploited.

More generally, my conclusion is that something must be done for Thai agriculture. The dream of underdeveloped countries is, we read, to build up light and finally heavy industry, in order to reduce the need for imported goods, to reduce reliance on primary products, and to get more people into an advanced sector where per man productivity is higher. This is fine as an ultimate goal, but practically speaking, for the next 50 years or so, most Thai are going to make their living from agriculture. Something has to be done for them too. As I have tried to point out in my earlier newsletters, there is plenty to be done that would not require financial investment -- the objection whenever anyone talks about focussing more effort on agriculture. There are other things to be said for agriculture too. For one, there are many good export possibilities, for example for fruit and fruit products, vegetables and vegetable products, and various types of beans producing edible and industrial oils. Second, if productivity could be increased in agriculture, it could generate a surplus which could be plowed back into national development, reducing the reliance on foreign aid. Third, rural life is deeply satisfying to most Thai, from what I can see, and the pressure to migrate comes from the very low incomes prevalent in Thai agriculture. (As an example, we had a going-away party for a friend at a restaurant specializing in northeastern food; it had a dance and floor show in traditional northeastern style, and the patrons, packed in, were obviously from the Northeast and mentally enjoying an evening "back home.")

Fortunately for our trip we had introductions to some of the cleverest and most progressive people in Thai agriculture in the North, and they were most gracious in answering our questions, feasting us, and putting us up.

We first headed for one of the best-known farms in Thailand, that of Kamnan Chun (kamnan means village headman), located about 4 hours due north of Bangkok on a beautiful hard-surface road. (More later about the importance of these roads and some of the social consequences.) On the way we passed mile after mile of maize, which we found is rotated with soybeans, the main crop in this area.

Chun came to Phetchabun province to build his farm 34 years ago, at which time it was incredibly remote -- just jungle and wild animals. Even today, despite the new road, the name Phetchabun brings to the mind of Thai roving elephants, tigers and impenetrable forest. Two years later Chun's brother Sombat joined him, and together they hacked out the forest by hand, primitive tools, draft animals, and fire. The result is a farm of some 2800 acres, made by a family of self-made men. (What is more impressive is that the second and third generations continue to be just as interested and innovative -- they are all active in Chun's farm or others nearby.) The King himself has taken an interest in Chun's farm, having visited many times. As a gesture of support for their progressive work he has donated a bulldozer which they use for land-clearing.

Chun himself was down in Bangkok during our visit, since he retired some time back, but we were hosted by his younger brother Sombat. Sombat is exactly what an American would picture in his mind for a self-made successful farmer: self-reliant, convincing in expressing his convictions, somewhat conservative, but still compassionate toward those who have not yet "made it." He has travelled widely in the United States and is vastly admiring of American agriculture and particularly of American innovation, both by individuals and through government research and extension programs. I am afraid we took more of Sombat's time than the occasional tourist does: we spent 24 hours there, asking questions all the time except for the few hours we slept in his guest house.

Chun's farm demonstrates something interesting about innovation and its economic consequences. They made their fame, and their original profits, from fruit orchards, principally tangerines. These grow beautifully in Phetchabun due to the climate. Many other orchards then developed, just as an economist would predict, and Chun's farm is now out of the orchard business, and into horse breeding and sericulture, which Sombat indicates are far more profitable. The point here, which I will return to later, is that this kind of development inherently exaggerates income inequalities. How to modify the process of innovation to still enhance productivity without increasing inequality is a good riddle, and I have some ideas for a solution.

As I say, horse breeding and sericulture are the farm's two mainstays at the moment. The former is directed to a specialized market (Bangkok millionaires) and doesn't hold much promise for the poor farmers of the North, but the latter seems ideally adapted to the area, and Sombat is expanding as fast as possible. I must confess I had never before seen the process by which a worm's cocoon is turned into silk thread. An hour's tour revealed the process, which is a remarkable combination of the ingenuity of man and nature. Sombat imports hybrid worm eggs from Japan, which are laid out on branches cut from hundreds of acres of mulberry bushes. The hatched worms eat the mulberry leaves, at which point they are placed on a corrugated chicken-wire screen to spin their cocoons. The cocoons are then roasted to kill the worms and finally placed in hot water baths to locate the end of the long strand of silk. (The reason they import the hybrid eggs is that these produce a thread 1,200

meters long, while the local worms produce one only 300 meters in length.) Special locally designed machines, operated by village girls, then unwind the thread, twist and dry it, and prepare it for shipment to spinning mills in Chiangmai and Bangkok. The final product costs \$50 per kilogram.

Interesting as the ecological and technical processes are, what is more interesting is the way these fit into the human situation in the North. Sericulture is moderately labor intensive, requiring close care at two stages: hatching and raising the worms, and operating the machines to process the thread. Since world demand for silk is strong, this is one solution to the economic backwardness and population pressure in the North. The first stage at least still resembles the rustic life: production is organized around "family farms." Sombat recruits families to come as a unit; he provides land to build a house on, medical care, and all the inputs and technical knowhow to raise the worms. The families build their houses (complete with flower, fruit and vegetable gardens) and raise 8 crops of worms a year, each in their own compound. Since the process can be segmented this way, it strikes me that it could also be organized on a cooperative basis if there were some guaranteed market for the cocoons.

Sombat had a number of observations on the situation in Phetchabun which I would like to share. First is his concern for the low level of nutrition: Diets consist of a local water weed, rice, and shrimp paste: high on carbohydrates, low on protein. One of his pet projects is thus experimenting with fish raising to see whether it will be practical to introduce on a broad scale. He is now feeding the worm carcasses to fish in a pond seeded by the University of Agriculture. If successful this could be expanded without a lot of capital. The techniques are not complicated either and could easily be learned by villagers.

Unfortunately marketing is a problem, not just for fish, but for anything that a villager wants to sell, except perhaps rice: markets are imperfect, and the villager considers himself as at the mercy of the middleman. Certain products can be sold only to monopolies (for example, slaughterhouses are monopolies within a district or province). I have not been able to find an explanation for the persistence of these monopolies, except the obvious one. In any case, they are one ingredient in the system of exploitation in which the farmer finds himself. (I forgot to mention: major inputs such as fertilizer are also monopolies.)

Another major problem is the general low level of information among villagers in the area about modern techniques of production. One almost absurd example: many local people consider animal manure to be dirty and so do not use it on their fields but burn it. Sombat can buy practically unlimited quantities for 50 cents a truckload. (price around Bangkok: \$25.00). Sombat compares the situation in his province with rural America: in the United States there is a very active extension service in every state, which will bring modern techniques, seeds, and easy to understand written material right to the farmer's door. There is also vigorous research into the development of new seeds and production techniques, which is rapidly communicated to the people who need it. Even leaving aside the kinds of status bars to communication which I have discussed previously, there is simply much less effort devoted to agricultural innovation and communication in rural Thailand. The consequence for the farmer who must rely on his own resources is predictable: relative stagnation. The people who get ahead are the ones, like Chun and his family, who have education and the social standing to go and make demands on the bureaucracy (or to bypass it completely, dealing directly with foreign language sources).

To conclude, Sombat seemed quite aware of the special factors (beside hard work) which have made his family's farm so successful. As for the average farmer in the North, with a fourth grade education or less, he is pessimistic. In order for them to be enabled to exploit the advantages of modern technology, there must be, he is sure, a change of revolutionary dimensions in the government's approach to agriculture.

Our next stop was to be the farm of Chun's son, about 150 kilometers north-west, and higher in elevation. On the way though, we stopped at one particularly attractive little farm nestled between the highway and the foothills of the Phetchabun Mountains. The owner was growing cold-season vegetables such as broccoli, possible in Phetchabun even during summer due to the elevation. He was also experimenting with fish raising, just like Sombat. He indicated that the vegetable business was quite profitable, and that he had no trouble selling the produce thanks to the new road (still only about 5 hours to Bangkok if you drive at breakneck speed, as most truckdrivers do in Thailand). Something clicked here though, which it is worth remarking on. Although obviously long resident in Thailand, the gentleman was plainly of Chinese extraction. The marketing systems in Thailand are likewise dominated by Thai who are Chinese by origin, and this gentleman apparently had no difficulty dealing with his fellow Chinese and turning a good profit in the deal as well. But there is an incredible reluctance among ethnic Thai farmers to get involved in this marketing network, either as marketers themselves or as sellers. We have talked to farmers around Bangkok too, asking them why they do not get into some more profitable line of business than growing rice (for example growing vegetables). Several answers usually emerge, including lack of knowhow and lack of capital. But invariably they mention also marketing, you can only sell to the middlemen, who are all Chinese, and the price is no good, or at least uncertain. So the Thai, for the most part, stick to growing rice (which is a good way to stay poor in Thailand) and the Chinese grow and market the vegetables.

My guess is that the Chinese middleman is abused more than he deserves. Various sources suggest that the middleman system is competitive, which is still far from saying that markets as a whole are perfect. The reason is that there are many institutional burdens on commerce in Thailand (not just the monopolies mentioned above), and someone has to have a considerable amount of capital and ingenuity to deal with these obstacles. I refer, for example, to the numerous certificates, registrations, fees and bribes that are a part of doing business here. A farmer with fourth grade education could not do it, and so the Chinese, who are brought up from birth in cities, dealing with bureaucracies, perform a service that is much needed, at least given the present way of doing business here. Two solutions are obvious to me: either reduce the institutional burdens on commerce, or raise the educational level (and hence the status vis-a-vis a bureaucrat) of the Thai farmer. Why neither of these is done is an interesting question which I plan to explore in my next newsletter.

Well to continue with our trip, we made it to the "B-N Farm" (yes, in English for some reason) in about 2 hours, and had a pleasant visit talking to Mr. Bancherd, son of Kamman Chun. The farm consists, I believe, of about 1000 acres, and the ultimate intention is to grow fruit trees. They are experimenting with various varieties of lichee and tangerine, but in the meantime they are growing cold-season vegetables for sale in the Bangkok market. Bancherd indicates that this is quite a profitable enterprise, since they sell directly to supermarkets (something not possible for a farmer obviously).

I think there are a couple of interesting points to note here. First, though

Sombat indicated that there was not enough money in vegetables and fruits to interest him, others still find it quite satisfactory and profitable (e.g. the Chinese farmer, and his own nephew). My inference from this is that the more this area is opened up to new techniques, the broader are going to be the income differentials: Chun's sericulture over Bancherd's orchard; and Bancherd's orchard over the Chinese farmer's vegetable farm; and the Chinese farmer's vegetable farm over the mass of subsistence farmers who fill the North, and still grow rice. This is perfectly consistent with what we know about capitalist economic development, but it is not out of place to think, in coming newsletters, how the human costs of this process can be reduced.

A second point to consider is one raised also by Sombat: the low level of knowhow about modern production possibilities. Bancherd had been in contact with many foreign seed companies and was conducting his own seed trials: no one seems to be doing this in his area, so he as an entrepreneur is doing it himself. But that doesn't help the Thai-speaking farmer who can't write to Burpee. Mind you, the technology is not complicated, and the capital requirements are not high. It just requires making what is already known available to new people, and arranging for marketing. This comes down, I think, to a question of human resources and how Thai management talent is being used in the Extension Service and the Cooperatives Department. This seems like a natural for promotion of cooperatives without requiring a large investment.

The third point of interest concerns the decision mechanism operating to determine what direction development takes in the North. Bancherd wants to move from vegetables to orchard crops as soon as possible, I think for two reasons. First, it is much less labor intensive than vegetable farming, and hence it requires less management time and causes less headaches for the investor. When the orchard starts to bear, he can quit and go to Bangkok. Second, it probably produces higher returns on invested capital than vegetable farming. So it is the perfect decision for the capitalist. We should bear in mind, however, that most of the people in the North are not capitalists but subsistence farmers. What they need is an enterprise which can absorb more labor than rice farming, and provide returns to labor, not capital. Vegetable farming would be very suitable. But the current decision procedure does not favor that outcome, because the people making the decisions are long on capital and reluctant to use labor where they can avoid it. What is needed to serve the interests of the farmers is a different institutional mechanism. As a first approximation, cooperatives come to mind.

The final point I want to make here is briefly stated: how can modern techniques of production, and high incomes to some, coexist side by side with stagnant techniques and subsistence returns to others--literally in the next field--not just this month or year, but for years and decades? That is a question I do not have the answer to yet. I think it is connected with all the points made above, but goes far beyond them. It is a question which I think is most urgent to understand, and I shall focus on it as time goes by.

We spent Sunday night in Phitsanulok and left at 6:30 Monday morning to visit the governor of Sukhothai province. Sukhothai is the site of an ancient capital of Thailand, at its peak seven centuries ago. The ruins there, which I explored in 1970, rival Angkor in size and interest, but most visitors don't get to see them because Sukhothai is not on any main routes by road, train or plane. On the way into town

we stopped to walk around the market, always a good way to get a feel for what is happening in an Asian city. We were surprised by the low prices of fruits and vegetables compared to Bangkok and made a note to ask about it. We arrived at the governor's house at 8:30, only to find that the newspaper reports about flooding were true: the governor's house, on the bank of the Yom River, was surrounded by 3 feet of water. Rather than driving in we took a boat across his lawn. We refreshed ourselves with some tea, chatted about family matters a bit (the governor is also Chum's uncle) and then got down to business. We asked first about the low prices in the local market for local staples (beans, bamboo shoots, a local squash, eggplant, bananas). It seems the fertile sandy soil of this northern valley produces beautifully, but the marketing system to Bangkok is not reliable. It is further to Bangkok than from Phetchabun, the road is not as good, and so the system just has not evolved to market produce, and in turn local farmers still plant low-value traditional crops. Still I believe the possibility is there, and it waits for some enterprising person to get the system going: someone with capital, vision, and the comfortable life situation to take risks: just what local farmers, individually, do not have. Another problem is water: occasionally too much, like the morning of our visit, more often not enough. The governor felt that if reliable prices could be worked out for agricultural produce, and if the water problem could be overcome, whole new production possibilities would come into view.

We could not stay in Sukhothai as long as we would have liked, since we had to arrive in Chiangmai, our next stop, before dark. It is not recommended travelling on the highways at night: if the ten-wheel trucks don't get you, the bandits may! So we paddled back out to the road and got on our way in mid-morning, and had lunch in Tak, another provincial capital I had visited in 1970. Not much had changed, except more of the beautiful old hand-carved teak houses had disappeared, to be replaced by "modern" concrete boxes. We stopped again in Lampang to look at some of the old buildings and were pleased to discover the Scandinavian Institute of Asian Studies, a center supported by the East Asiatic Company (long active in the North's natural resource industry) for visiting scholars. Some people will be coming out to Thailand soon to work on some of the same concerns as mine, and we shall be in touch then.

We arrived in Chiangmai just at dusk, had dinner, and collapsed from the effects of being on the road since early morning. Our first stop the next day was the farm of Mr. Sawaeng Tadthieng, the most famous farmer in Chiangmai. Sawaeng was formerly a government official but he left government service more than 20 years ago to go into vegetable raising, in order, he says, to prove that Thai farmers could grow vegetables too. As in other parts of the country, at that time in Chiangmai only Chinese residents grew vegetables: Thai stuck to rice. The farm has been extremely successful, so much so as to gain the attention of the King. The King in fact gave the land on which the farm is presently located (Sawaeng pays back on a long term interest-free loan). He has also driven over from his northern palace in Chiangmai to have lunch at the restaurant which Sawaeng has built to use some of his own fresh vegetables.

Again, though, the secret of Sawaeng's success (besides hard work, to repeat) is access to foreign-language sources of information about modern technology. Indeed, right while we were sitting in his office he whipped out half a dozen Japanese and American seed catalogs. Many of the seed varieties which he finds most suited to his area are not even sold in Thailand: he must import them himself. Similarly, he does his own experimentation since the agricultural support services for farmers are inadequate.

At least partly, and perhaps mostly, because of Sawaeng's initiative, many Thai now grow vegetables around Chiangmai, gaining a much better income than if they had remained with rice. Vegetable farming is also more labor intensive than rice farming, and so it is part of the answer to the exhaustion of the land in the North. Yet despite this encouraging aspect, the real import of this story is that if you want to be a successful modern farmer in Thailand, you seem to need all the things Thai farmers don't have at present: education, status, capital, readily available technology in their native language, and the interest of the people on top. Sawaeng agrees with Sombat: the farmer will continue in bad shape unless the government drastically revises its policies. His own support has come from the King, but royal patronage is a perfect inverse index of government interest in an effort: the Royal Family is known for supporting those projects (like modern farming, or improvement of the livelihood of the hill tribes) which it feels the government is neglecting.

Our next stop was the University of Chiangmai, where I wanted to reestablish contact and find out what research projects are currently underway. Dr. Nibondh, the Dean of the Faculty of Social Sciences, was still in Bangkok, but I spoke with the Associate Dean, Dr. Pradit, as well as M. L. Bhansoon and Dr. Charles Keyes, a visiting professor from the University of Washington who has spent much time in Thailand. Together we reviewed the work that is going on there now; our thought is now that I will send on ahead some of my recent writings on Thailand, and then come up for some discussion sessions during the week of November 1 - 8, just before classes start again in the new term. That way we will have an opportunity for a good exchange of ideas, without anyone being pressed by teaching demands.

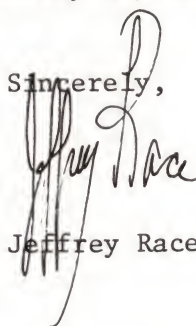
Our last stop was at an orchard specializing in the production of mango tree cuttings about 40 miles north of Chiangmai. One of Sombat's assistants had suggested it as an example of what can be done in the North, if you know what you are doing. It is run by two college graduates, a husband and wife, who unlike almost all of their fellow graduates have taken agriculture seriously, and used their education to further agriculture instead of as an escape from it. Their farm is quite small, only a bit over 4 acres, but it is filled with mango trees from which they make the cuttings for sale to orchards to propagate new trees. This is ideal country for mango trees: it is cool in the evenings, and the trees are happy on hillsides where you can't grow too much else. They are way behind in meeting customer demand, and the price is good, so the effort is very profitable.

What I find interesting about this is that it is the kind of low-investment project which is ideal for the North and could be easily expanded with the proper support. The land is free, the settler receiving title after clearing it and completing legal formalities; the technology is simple; demand is strong; and it is fairly labor intensive, using about 2 or 3 people per acre full time. Again, it is the educated and well-connected who have walked in to seize the opportunity, but it is the kind of low-capital, easily segmentable enterprise which could be of great benefit to the people who need it most, if the proper organizing talent could be made available. (It is obviously for this organizing and managerial input that the two college graduates are going to gain their rewards.) But for the ordinary farmer the enterprise is too vast, the technology unknown, the market unclear, and the status of the people he would have to deal with too high for him to consider it unaided. Unless some of these factors can be changed, he is just going to go on plowing his rice fields.

So far in this letter I have discussed the North in terms of actual agricultural enterprises and real people. But we know some more general things about what is happening in rural Thailand, which I'd just like to mention briefly in this final page. The process of innovation that I have described has occurred particularly in response to the evolution of markets, and they have come about through the expansion of the road network. Thus far roads are a plus. But as we peer into the process we find, as I have tried to show here, that the way innovation is carried on in Thailand (and Thailand is not particularly exceptional) results in those who have getting more. Recent research by Dr. William McCleary, a visiting professor at Thammasat University, confirms this with sophisticated quantitative techniques. Using comparative income data for 1962/3 and 1968/9, McCleary finds that in almost every part of the country, inequality in the distribution of income is growing. It is interesting to note (although McCleary himself does not make the point) that inequality increased the most in the Northeast, where the greatest roadbuilding effort has taken place.

The usual explanation of this process, and in fact the rationalization for it, is that this increasing concentration of wealth is necessary to enhance investment, which ultimately will benefit the people at the bottom. In fact, this is to some extent borne out by the experience of a number of capitalist countries, as Kuznets' research shows. I would like to make two points, though. First, there are all kinds of innovations which can be made without a lot of financial investment, and so it is fallacious to argue that we should rely on this "automatic" mechanism of modernization. Second, even the most attractive cases of developmental success leave a social situation of enormous inequalities of all types: power, income, status, wealth. How this kind of situation can persist is a puzzle to me, and I plan to attack it in future newsletters. My hunch now is that looking at the beginnings of this process of growing inequality may help us to understand what to do about it.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeffrey Race", with a large, stylized initial "J" and "R".

Jeffrey Race

Received in New York on August 27, 1973

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-4

47/1 Ngamwongwan Road
Bangkok 9, Thailand
August 31, 1973

The Problem of Equality

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York, New York

Dear Mr. Nolte,

For some time now I have been mulling the question of how to understand a society as a coherent system and where it is heading. This is self-evidently an enormous question. How to get a handle on it? I have reread my earlier newsletters and thought about the issues I considered there and in my previous efforts at understanding societies: income distribution, landholding, taxation, political structure, organizational innovation, military intervention. It has finally occurred to me that inequality is related in some important way to every one of these concerns, and that it would be a good vantage point from which to analyze and compare societies.

Perhaps it is a sign of my naiveté that this has only just now occurred to me. Perhaps instead it is a sign of the extent to which the issue is buried from sight in academic inquiry at this period in our history (certainly it was not so during the Depression, or during the late nineteenth century). The plain fact is that inequality, enormous and continued inequality, is a central fact of all societies since primitive hunting and gathering and shifting agricultural communities. I find it remarkable that this central fact vanishes from view, or at least from concern. Inequality appears to me to be connected either as a consequence or (as some suggest) as an intended purpose of most of the major categories of social activity: status systems, religious and cultural beliefs, productive organization, education, political structures, and innovation. As an example of the latter, let me repeat a problem raised in my last newsletter: how poverty can persist side by side with modern, high productivity agriculture in Thailand, for extended periods of time. The efficient producer has innovated, adopting the most modern methods now available, that much is obvious. What about his neighbor? The question we ought to ask is, what types of bars prevent him from innovating? Many might come to mind: lack of information (differential access to education), lack of investible resources (differential access to capital), inability to deal with market or government institutions (differential status), inability to organize new production methods (differential access to management), inability to coordinate activities of the required number of people (differential power).

It would certainly be possible, and practical, to study any one of these issues by itself. In fact, that is what most studies do: pick a little problem and analyze it. The interesting point, though, is that all of these processes are not random: they fit together like a jigsaw puzzle, and the consequence, intended or not, is to perpetuate a system of human exploitation (by which I mean the technical sense of the use of one person by another without adequate recompense). The separability of these processes as objects of study may unwittingly serve to obscure the result of their collective operation. I would like to remedy this by putting them all together, around the core of inequality.

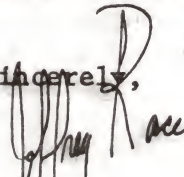
At this point my idea of using inequality as an organizing principle is just an intuition, which may or may not work out. If not, I shall have to backtrack a bit. But I think it will be worthwhile, and in any event I feel a profound dissatisfaction with current efforts to explain (and explain away) inequality. They seem to be either polemical, or nonscientific, or limited to a narrow framework which does not grapple with the scope of the issue. My initial perusal of some of the literature persuades me that there is a lot more to be said, and I shall do my best to put it all together and say it intelligently. I have given the matter a good deal of thought and had hoped to write my preliminary observations last month, but it has turned out to be a lot more complicated than I had thought, even to get some initial observations on paper.

In what follows I shall try to proceed step by step and build up my analysis systematically, so please bear with me if I go over some things that seem elementary: it is necessary to inventory the obvious before pressing on to the arcane. My tentative plan is to state the dimensions of the problem in this letter, and then in the next couple of newsletters to set forth what I know and can figure out about the structure of the problem. From that I should be able to decide what are the strategic sectors to look at, and what are the sensible questions to ask. Then I shall try to check out my conjectures by getting a feel for the situation right here in Thailand, I guess now by asking some plain questions of people at the top and people at the bottom. (My interview experience in Vietnam indicates that they have entirely different ideas of the way things work.) When I have a reasonable structure in mind, I can use this to look back into Thailand's past (and into its future), and to compare the situation here with that in other countries in the region and elsewhere. After all, it is likely that there is not just one system for maintaining peaceful inequality but several: it would be useful to know the differences.

What is intriguing about inequality is that it is such a paradox. So far as I can determine, all human societies which have an economic surplus have economic inequality; and all human societies, with or without economic surplus, have some system of ranking individuals. The sociologists are in the midst of a long argument over how much inequality is "necessary," with no definite conclusion in view. Yet even if some is "necessary," a lot of societies function with less than others, and so we infer that there is more than necessary in the world today. What is so paradoxical is why it is tolerated by the victims: in principle at least, they could always improve their position by collaborating to undo their "betters." Why they so seldom do so is a mystery.

To try to illustrate how puzzling the distributive problem is, I will adopt the attitude of an outsider studying a scientific anomaly -- for this is really what we are observing. And I will adopt a particular format which will make it impossible to mistake the tradition of academic and political interest which has flourished regarding this issue (though under a different guise and with a different choice of words and public goals).

Sincerely,



Jeffrey Race

INITIAL REPORT OF FEASIBILITY STUDY ON PERPETUAL INEQUALITY

Background

This study was initiated because of a growing recognition among concerned agencies that many central problems of our period, which fall within the responsibility of these agencies, have a common core in inequality. Earlier inquiries and attempted solutions focused on partial aspects of what we now understand to be one general problem. These partial aspects were, for example:

1. "Law and order" -- the effort to preserve compliance with procedures specifying a particular distribution of property and influence. This has generally focused on systems of detection, apprehension and incarceration of those unwilling to abide by the procedures. It is becoming plain, though, that conventional approaches are inadequate if there is widespread unwillingness to abide by the procedures.
2. "Peaceful change" -- on the international scene, the counterpart to the domestic theme of "law and order." By "peaceful change" is meant that those disadvantaged under a system must abide by the rules for change established by those who, benefitting from the system, set the rules. Again by corollary to the domestic situation, curative efforts have focused on punitive actions.
3. "Insurgency" and "subversive movements" -- there has been much recent concern with these violent responses to organized and radical exploitation. The most chilling aspect of these activities has been that the dissatisfied have become organized and begun to collaborate against their superiors, unlike #1 above, where procedural violations took place in isolation from one another, involved only small numbers of people, and were fairly easy to handle. The failures and near-failures of the counterefforts have exposed the major weaknesses of the "partial" approach in a way that the modest threats via #1 could not have done.
4. "Student alienation" -- the peculiar problem with students is apparently that they are not effectively tied in with society to the point where (as with almost everyone else) the impulse to protest the gap between social rhetoric and social fact is stilled. As a result students are usually in the vanguard of efforts to change society, and despite numerous different approaches in a variety of systems, no effective answer has been found to their depredations.
5. "Labor unrest" -- efforts by working people to enhance their share of the income flows from production, despite repeated evidence of the futility of the attempt since owners pass increased costs on in increased prices, or shift to more capital intensive production methods.
6. "Civil disobedience" -- disruptive actions taken by those who disagree with some policy or action of the civil powers, arising from lack of resignation to their limited influence.

The insight which forms the basis of this study is that these are all part of the general problem of how to establish and maintain a system both of inequality

and of resignation to inequality among those who do not share in the benefits of society. It is plain from the list just given that inequality has a number of dimensions, but it is a mistake to think of them as isolated. In fact, one of the flaws in previous efforts to perpetuate peaceful inequality (the list above) was just this preference for seeing things in isolation from one another. The problem must be seen as one of a system, in which one part supports another. Neither understanding nor practical solutions will be served by the continued splintering of the effort which has occurred up to now. The belief which underlies this approach is that more satisfactory results can be achieved by recognizing the partial nature of previous efforts and following instead an integrated approach. To do this, however, it is necessary to go back, in Cartesian fashion, to the very beginnings of what we know about human communities.

Analysis

Production and distribution are the central activities of human communities. Production is fairly well understood; enormous research has gone into it since that is where the profits lie. Much less attention has been devoted to distribution, since there is (unlike production) general satisfaction with distribution. Purely as an intellectual question, though, it would be intriguing to see how distribution works. As a practical matter also, the problem of inequality is a pressing one. If a system of equality, such as exists in primitive agricultural communities, could be converted into a system of permanent inequality, then selected individuals could enjoy magnificent benefits of leisure and consumption. If it were possible to design a system in which inequality of wealth were accompanied by inequality of influence, then selected individuals would be able to behave as they might choose, without limitations imposed by the wills of those less well endowed. If carried out on the scale not just of single individuals but of thousands or tens of thousands in coordination, the possibilities are dazzling.

The benefits of such a system are thus clear and compelling, and it is just to achieve these benefits that the present study was undertaken. It is furthermore likely that if such a system could be designed, installed, tested and perfected in one area, the benefits flowing to selected individuals would permit them to propagate the system to other areas. The physical returns to the system in the first area, together with the technical know-how gained there, could be used to install the system elsewhere through the cooperation of locally selected individuals. In this way the benefits of the system could be diffused world-wide, with those cooperating locally being paid back out of the returns in their own areas. This system of world-wide cooperation would enhance stability throughout, since local difficulties could be surmounted by resources brought in temporarily from other areas.

Design Specifications

In order to avoid the vagueness and ambiguity of the English language it is desirable to set forth in measurable terms the type of system this study aims to achieve.

A. Minimum Design Specifications -- Phase I

1a. Static distribution of income

- i. Top 5% of family units to receive minimum of 20% of income
- ii. Bottom 20% of family units to receive $5\% \pm 1\%$ of income
- iii. Gini concentration ratio $.30 \pm .20$ (Lower range acceptable provided specifications lai and laii are not violated)

Remark: The interpretation of this is that the bottom 20% at least of family units should accumulate no assets at all, the entire product of their efforts, less subsistence, accruing to others

1b. Income mobility

- i. For top 5%, current standing must have at least 95% predictive value for standing ten years later
- ii. For each of next two deciles, current standing must have at least 90% predictive value
- iii. For each of next two deciles, current standing must have at least 80% predictive value
- iv. No constraint for remainder

2. External signs of approval

- a. A separate scale of public approval will be established with a distribution similar to that for income. Public approval will be designated for example by specially pleasing terms of address, special forms of dress, preference in public and private transactions
- b. Individuals not receiving public approval will be similarly designated in terms of dress, address and lack of public and private preference
- c. Mobility: as for Alb

3. Ability to commit resources not one's own (power or influence)

- a. Positively related to income
- b. Positively related to degree of public approval

4. Covariation of deciles under 1 and 2: at least 90%

5. Minimum lifetime of system: 10,000 years

B. Desirable Optional Design Features -- Phase I

1. Low physical start-up costs (so that system may be installed in areas with little economic surplus)
2. The system should be capable of greatly expanded physical product per member. The basic design specifications set forth in A are consistent with technical and productive stasis. This is provisionally acceptable; however, it is extremely desirable that the internal structure be capable of greatly increased complexity, specialization, productivity, and capital accumulation, while continuing to meet the specifications set forth in A
3. Financial and physical costs and personal risks in operating and maintaining the system are to be borne by those at the bottom of each scale of stratification

C. Internal and Environmental Constraints

1. Once established, no external inputs to system
2. Internal violence limited to 1 homicide per 10,000 population per year; incidents of physical violence limited to 1 per 5,000; both to be no more than randomly directed at persons in the top ranks of income and approval
3. Members are ordinary humans of average intelligence and rationality
4. The appearance of the functioning system must strike an outside observer as one of satisfaction and tranquillity. That is, most members, including those at the bottom, must go about their daily business without noticeable concern for the persistence of inequality. If asked, at least 90% of the non-selected individuals must register either no opinion or confidence regarding the activities of the selected individuals (as a group, not by name)
5. The system must not appear to be contrived or artificial. Selected individuals must not appear to be straining to maintain the system; in fact, they must not strain: the system must be "foolproof" and automatic in operation in that selected individuals (via specification C3) must be average people

D. Design Specification -- Phase II

After a system which meets specification B2 (greatly increased productivity) is installed in a number of areas, the effect is to be cumulative, such that per capita income in the first areas to adopt increases faster than in areas to adopt later (increasing inequality across units, not just high inequality within units)

Commentary

It is plain that these are stringent, perhaps unrealistic, design criteria. The major problem centers on the staffing of such a system. No difficulty is anticipated in recruiting the selected individuals to fill the top two or three deciles regarding income, honor and influence. It is not clear, however, how the occupants of the bottom deciles might be recruited so that the system might work with their enthusiastic cooperation (specification C4), since they receive no benefits while bearing all of the costs.

A further perhaps unrealistic constraint concerns the growth capacity of the system (specification B2). Specifications A1a and A1b define a homeostatic condition with respect to certain prominent system variables. From a purely structural viewpoint this mechanism is well understood, though the concurrence of specifications A1, A2, A3 and A4 makes its existence in the real world dubious. The addition of specification B2 implies homeostasis with respect to some system variables despite changes of unpredictable dimensions in many others. Needless to say, this is a challenging problem, the solution to which (if indeed there is one) would require delicate, yet extraordinarily powerful and complex, feedback systems, both positive and negative.

Such an amazing system at this primitive stage of scientific knowledge about human behavior seems visionary, plainly utopian. It may well be impossible. The proper question now is probably not "how to build such a system" but rather "if such a system could exist at all, what would its structure have to be?" Once the struc-

tural properties are determined, the question of practicality will be in order. Let us frankly admit, though, that the whole enterprise is speculative, and if a solution could be found it would represent a triumph, literally a masterpiece of modern social engineering.

Fortunately there is suggestive evidence, from naturally occurring specimens, that such an engineering feat may be possible. Wherever possible, data from scientific studies of these specimens will be used. Two difficulties limit the applicability of these data, however. First is that the functioning of these specimens remains a mystery that thus far defies common sense -- they remain inexplicable laboratory curiosities, "black boxes," whose inner workings have thus far defeated the best minds to study them. The second difficulty is that they have thus far been observed over relatively short periods of time, and even within this period performance has not met the specifications set forth for the ideal production model. Even more disturbing, several specimens have suffered inexplicable malfunctions and breakdowns. It is encouraging to note, nevertheless, that in almost every case, some intrinsic but still hidden homeostatic processes have succeeded in maintaining key system variables within acceptable limits. Even so, the limited performance periods and still limited operating knowhow hardly justify the investment of considerable effort and resources until these technical difficulties are resolved.

Preliminary thoughts on a solution

Designing a system to produce economic inequality is a trivial engineering task. A number of simple loops can be used, for example (assuming private property): an unequal distribution of wealth will produce an unequal distribution of income from capital, and differential capital endowments will provide differential access to credit to exploit new technical possibilities; income differentials can also be produced by preventing most people from gaining education to permit exploitation of technical possibilities, etc. The design of a system to produce differentials in prestige and in influence is more complicated, although we know that at least in the short run such systems can exist.

The real problem is perpetuation of such systems once the initial feedback loops are installed to bring about inequality. The problem is particularly compounded by the requirement (specification A4) for considerable overlapping in the different scales of inequality, so that those who have more wealth have more honor and more influence. This arrangement is totally irrational from the viewpoint of an outsider, yet it must be made to appear not just necessary through superior force but also right and proper to each of the individuals at the bottom of the system. Therein lies the puzzle.

Previous attempts to deal with this problem have been distinguished by their one-sidedness. One school has argued (apparently after looking at but one aspect of naturally occurring specimens) that inequality can be maintained by violence, that fear is the surest basis of compliance. This view has appeared very persuasive to some and has many adherents in the agencies charged with "law enforcement" and "counterinsurgency" responsibilities. Leaving aside the obvious logical problem of circularity and infinite regress, the practical application of this theory has been a failure. Another school, what might be called the "hoax" school, has argued that violence will fail, but that it is possible to fool the disadvantaged into accepting their position by inculcating beliefs about religious and moral virtue, etc.

This approach has enjoyed some successes but some staggering failures as well and thus cannot be "the" answer either. And similarly with other "answers" to the question of how to perpetuate inequality.

The simple inference from this is that inequality is an infinitely more complex problem than these partial attempts credit, though each offers an insight into some part of the problem. It seems likely, though, that in this case the whole will be more than the sum of the parts, that is, that the answer is not to be found simply in adding up all the partial answers and saying "do all of these things and it will work."

There is one possibility which is particularly promising especially in view of specification C5, that the system appear to be natural and not contrived. Production in any complex community requires cooperation, and it is these patterns of cooperation which determine the flow of resources, honor and influence. Specification C5 excludes "direct action" to achieve inequality, and we know from history as well as recent events that violence fails to achieve its end. What is necessary, and believed practical on the basis of scientific studies, is to use indirect measures to channel, affect and constrain the types of cooperation which can emerge. Essentially it is a question of preventing "horizontal" cooperation among the non-selected individuals, while ensuring "vertical" cooperation between non-selected and selected individuals. Two possible indirect measures to achieve this are to limit education and to limit communication and information flows among the non-selected individuals. At the same time, it is necessary to motivate a number of non-selected individuals to cooperate vertically, though not for financial rewards, due to the specification regarding continued income inequality. There is, however, evidence that it may be possible to use other kinds of rewards besides cash. This is particularly so since the non-selected individuals, having small endowments of prestige or influence, would be willing to cooperate for relatively small increments of these values (cf. marginal analysis in economics). In this way it may be possible to achieve the necessary segmentation.

These patterns of cooperation should then evolve into an interlocking series of "institutions," that is, systems of expected behavior on the part of each by all. In other words, a system of reciprocal expectations. The result of this should be that, although the system works to the "theoretical" disadvantage of each participant measured against what he could get in a system of his own design, nevertheless no one will act alone, and since each expects that all will continue to cooperate as the institution dictates, no one acts. Thus though the system is irrational to all taken as "one mind," it is rational to each in his own limited perspective. Finally, the stable purpose of the whole institution may be ensured by placing selected individuals in leadership positions.

This at least is one potential approach to the problem which offers some hope of success. Whether this method will permit meeting the rather stringent specifications set forth above requires further investigation.

Received in New York on September 24, 1973.

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-5

47/1 Ngamwongwan Road
Bangkok 9, Thailand
October 19, 1973

"A Human Shape over a Demon's Heart"

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York, New York

Dear Mr. Nolte:

The above quotation, from a poem by Thailand's great King Rama VI, seems to me appropriate for this past week's tragic events. The carnage of Sunday and Monday have made it possible for the whole world to see the fiendish savagery of the creatures that American guns and American money have perpetuated in power for these many years in Thailand. As long as the instruments of murder, and the subtler but in the long run more effective tools of persuasion, were directed toward poor, inarticulate, low status farmers, far from newspapers and television, no cry was heard in opposition: they were "communists." It was a different story when the bullets began on Sunday to rip into the bodies of college students, who had, with equal (or equal lack of) justification been assailed as "communists" and "traitors" by the military regime.

Appropriately enough today, Prapat and Narong have fled to Taiwan, and Thanom to the United States. Less than one hundred hours ago these men were America's chosen instruments for protecting democracy and freedom in Asia. This at least was the claim of those who furnished the resources for Thanom, Prapat and Narong. Not much is new in the world, though, least of all in ways of iniquity and falsehood. The parable for America's support of the oligarchs was written nineteen centuries ago: "Beware of false prophets, which come to you in sheep's clothing, but inwardly they are ravening wolves. Do men gather grapes of thorns, or figs of thistles? Even so every good tree bringeth forth good fruit; but a corrupt tree bringeth forth evil fruit. A good tree cannot bring forth evil fruit, neither can a corrupt tree bring forth good fruit. Every tree that bringeth not forth good fruit is hewn down, and cast into the fire. Wherefore by their fruits ye shall know them."

This parable from Matthew tells us how to read from the blood in Bangkok's streets the true intentions of the men in Washington and Bangkok, despite their sweet pronouncements.

Since we have lived through this incredible last few days, and through the last year which led up to them, I'd like to share my observations with the world. We have been most fortunate in that Chum's students at the university across the street have stayed in constant contact with us. Friends throughout the city, some of them on the staffs of the hospitals treating the wounded, have also been in contact by phone.

I think the Bangkok Post, on the morning of October 16, summed up the feelings of most Thai in its banner headline: "Thanom, Prapat, Narong flee country -- The three most hated men in Thailand." Until they fled, of course, they had been, respectively, prime minister, deputy prime minister, and prime-minister-apparent. Another paper, the Nation, proclaimed in a front page editorial that October 15 was "our greatest day," comparing it in importance to December 10, 1932, the end of the absolute monarchy in Thailand. I believe it extremely significant, and a measure of the

gravity of the crisis of the last few days, that the result which finally occurred came about only through the unprecedented intervention of the universally respected monarch, King Bhumipol Adulyadej. During previous domestic convulsions, as during previous conflicts between the military regime and the people, the monarch has always maintained a scrupulous neutrality, while at the same time showing his disapproval of the regime by keeping as distant as possible from them in public association.

The collapse of the military oligarchy was appropriately Thai: years upon years of peaceful, if cynical, toleration, abruptly terminated by a few days of stunning violence, unseen in Thai domestic politics since the days of the long-abandoned capital of Ayuthaya, where kings slew their royal relatives to forestall attempts on the throne. Even into the regime's last hours few believed possible the end which finally resulted on Tuesday: the consolidation of a civilian prime minister and cabinet.

Nevertheless, it had become increasingly apparent over the last year that the regime's final days were at hand, though the expectation was that the ever clumsier elders, Prime Minister Field Marshal Thanom, and Deputy Prime Minister Field Marshal Prapat, would be replaced by demagogic Lieutenant Colonel Narong Kittikachorn, son of Thanom and son-in-law of Prapat. The decisive elements in the final outcome appear to have been the newly assertive role of the king, the intransigent refusal of the crowds, at times numbering more than 400,000, to accept the continuance of Field Marshal Thanom as supreme commander of the armed forces despite his resignation as prime minister, and splits within the military and police.

The current round of the struggle began on October 6 with the arrest of 12 (later 13) students and intellectuals for passing out pamphlets urging the speedy adoption of a constitution. The constitutional activists were initially charged with violating a law forbidding the assembly of five or more persons for political purposes, but this was later changed to treason as the police discovered alleged documentary evidence of a communist plot to overthrow the government.

Initial limited student protests were met by equivocations and contradictory claims on the part of officials, indicating that the latter were still attempting to frame a case. As the protesters increased in number to more than 50,000 there were official hints that some of the activists were "dupes" who would be released after minor fines while the real plotters (presumably non-students) would suffer penalties under the martial law absolute powers. The government produced on television the incriminating evidence, consisting of a copy of "The History of the Thai Communist Party" and a volume of Mao. Newspapers immediately pointed out that any political science student might have such works in his possession.

The continued vacillations of the official story, and the resort, for the hundredth time by the generals, to the cry of "communist wolf," spurred public cynicism and crowds continued to grow at the campus of Thammasat University, founded by the leaders of the 1932 coup which overthrew the absolute monarchy. Public support for the protest increased and Major General Sanga Kittikachorn, brother of the prime minister, publicly criticized the government for making a big issue out of nothing.

Talks on Thursday, October 11, between student leaders and Marshal Prapat broke down over the government's refusal of an unconditional release for the constitutional activists, and Friday arrived as a day of confrontation. Crowds swelled to 200,000 at Thammasat, and the government was given an ultimatum to release the detainees. The

government in turn prepared for a massive crackdown by ordering military units from outlying areas into Bangkok and warning hospitals to be ready for casualties.

As the Saturday noon deadline arrived without word of the arrested, the largest demonstration in Thai history began, as a crowd of 400,000 demonstrators began a meticulously organized and marshalled march from the university campus to the royal palace. In fact the arrested were being physically ejected from their cells at almost that moment (they refused to leave without word from the National Student Center), but word of their release was not broadcast in time to avert the march. At four in the afternoon nine student leaders were granted an audience with the king, who asked them to call off the march since the arrested constitutional activists had been released. Three of the nine then proceeded to meet with Marshal Prapat to agree on truce terms, and the latter assented to a constitution within one year.

Communication difficulties held up announcement of the truce agreement for several hours, but when the terms were finally announced, most of the crowd dispersed, leaving nevertheless some 80,000 demonstrators around the palace who were dissatisfied with the one-year delay in granting the constitution. (As one of the newspapers had pointed out the week before, Thailand has more experience than almost any other country in writing constitutions, so there was no justification for the long interval.)

As the City of the Angels went to sleep Saturday night, most believed that the latest political crisis had been defused at the last moment by the same technique as in previous crises: yielding at the brink to concrete demands (in this case release of the arrested constitutional activists) plus vague promises for a constitution at a safely remote date in the future. Instead the city awoke to news of a massacre at the palace grounds, apparently a case of bungling by U.S.-trained riot police. Tempers rose rapidly as word spread, and crowds began to increase in size. Within a few hours battles were raging at several points in the city, with army and police units loyal to Thanom and Prapat using machine guns, tanks and helicopter gunships, all provided under the American aid program (more than three-quarters of a billion dollars worth) to fire on the demonstrators.

I realize it sounds exaggerated and melodramatic to recount the situation this way: how could any rulers, no matter how depraved and drunk with their own power, mow down unarmed students with tanks and helicopter gunships? The horrifying fact is that this happened. A few gruesome incidents which have been seen either with our own eyes or those of colleagues at Kasetsart University (in some cases these happened to relatives of the colleagues):

1. When tanks pulled into stately Rajdamnoen Avenue, which runs from the Parliament to the Grand Palace, four girl students, in their school uniforms, lay in the street in non-violent protest. They were crushed to death.
2. One individual not connected with the demonstration was leaving his house when tanks pulled into his street and sprayed the area with bullets. His body was cut in half.
3. Soldiers announced that students leaving the Thammasat campus by 6:00 pm would not be harmed. The first group out, carrying a white flag, were shot down.
4. At the Democracy Monument students ascended the platform one by one to appeal over the public address system to soldiers not to fire on a non-violent protest. They were shot down, one by one, by soldiers with rifles.

5. Demonstrators jumped into the Chao Phya River to escape (a daring thing to do during the rainy season); they were shot in the water by helicopter gunships. Two nurses were shot by helicopters in the grounds of Siriraj Hospital, on the opposite bank of the river from Thammasat.
6. Soldiers broke into Siriraj Hospital looking for students to shoot.

Space is insufficient to recount more of the heart-rending acts of wanton destruction and cruelty which took place on that day. As a result of such actions by late afternoon battle deaths amounted to hundreds, and total casualties were near a thousand. The Rajdamnoen area resembled a war zone: corpses, gutted buildings, still smoldering vehicles, and barricades manned by demonstrators. It was the worst political violence in modern Thai history, and it stunned the nation.

At 7:15 pm King Bhumipol appeared on television to announce to the country that he had appointed Professor Sanya Thammasak, Rector of Thammasat University, to be prime minister to replace Field Marshal Thanom who had resigned. The king also appealed to all parties to cease the violence. However, Marshal Thanom remained as supreme commander, that is, the real power in the country; the crowds refused to disperse, and the fighting continued into the night.

We have since been told by a high official of Kasetsart University (and this story has been confirmed by another source) that the original plan of the military leaders that night was to turn off all the power in the city of Bangkok and, under cover of darkness and the curfew which they had just imposed, to surround the universities, enter with soldiers, and kill everyone inside. This official was warned early in the evening to leave the university compound, where his house is located, so as not to be included in the slaughter. The plan, which would have meant tens of thousands of deaths, had to be aborted because the navy, and possibly the air force, would not go along. Our house is right next to Kasetsart, and we saw the soldiers out there Sunday night, possibly preparing for this assault.

During the night the army seized control of the country's radio stations and issued orders to broadcast no news except that provided by the Public Relations Department, then under the control of the Supreme Command. During Monday morning a series of patently phony broadcasts was made: that the army was no longer fighting student demonstrators but "communist terrorists" who had infiltrated Bangkok; that the "rumors" (in fact newspaper and radio reports) of the army and police firing on students were false and not to be believed, etc. Significantly, all the announcements were in the name of the Supreme Command, not the new civilian prime minister. I called a number of radio stations to ask how they could be broadcasting such lies and was told in each case that they knew they were lies, but the military was there to insist that the tapes be played. Inexplicably, the military had failed to seize the newspapers or cut telephonic communications, so the truth of the continuing military plot, in defiance of the king and the prime minister, was freely communicated.

Public feelings were running very high on Monday, with funds being collected in enormous amounts throughout the city to support the demonstrators, and with thousands donating blood in response to student appeals. Hospitals finally ran out of sterile bottles to take blood and had to turn donors away. There are a number of documented instances of military and police killing medical personnel, in white uniforms and carrying the Red Cross flags, who were treating wounded demonstrators. Apparently in response hospitals were reported to be refusing to accept military and police casualties. (Many blood donors also specified that their blood was not to be used for mili-

tary or police personnel -- these shocking violations of medical ethics give some idea of the passions on Monday.)

The turning point came during an afternoon meeting of Thanom, Prapat, Narong, and General Kris Sivara, Army Commander-in-Chief. The former demanded that Kris call in more army units from outside Bangkok to use "absolute measures" (Thanom's words) against the demonstrators. Checks were made by radio with the headquarters of the other military and paramilitary forces. Air Force, Navy, and the elite Border Patrol Police headquarters replied that they were standing by for orders from the king, not the generals. Kris's consequent refusal to order the new army units into action doomed the trio of Thanom, Prapat and Narong to exile.

At 6:30 pm a radio announcement, this time over the name of the prime minister, stated that Field Marshals Thanom and Prapat had resigned all their government positions and left the country, along with Colonel Narong. Violence subsided with astonishing rapidity, and within less than two hours the 10:00 pm curfew, imposed the previous night, was lifted. In fact the exiled leaders and some 20 members of their families, with ten busloads of luggage, were still waiting under heavy guard at Bangkok's Don Muang airport. Prapat and Narong, and their families, left at 9:47 pm Monday night for Taiwan aboard a Thai International plane called back in midflight from its scheduled trip to Malaysia. (The 100 passengers were put on other planes.) Thanom and his family inexplicably remained on Thai soil for one more day before flying to exile in the United States, where his family had already purchased a home.

Just before embarking on his flight into exile, Thanom's son-in-law, Dr. Suvit Yodmanee, was reported to have said to someone who came to see him off, "It was not until this critical moment that we realized that we have no friends." If in fact he said this, it was only the ruling generals and the American Embassy political section who could have believed otherwise. Although no one foresaw the end of military rule, it had more and more openly and frequently been stated during the preceding year that Thanom and Prapat were losing their grip (there had never been any question of their popularity, except in official circles). Until the last moment Prapat still did not understand what had gone wrong. He was heard saying to his son-in-law Narong on the way to the airport, "How can they do this to daddy? The Thai are treating me just like an Arab guerrilla."

The beginning of the end probably started with the November 1971 "coup against themselves" in which the generals threw out the constitution adopted less than three years before (after ten years in the writing), abolished the annoying National Assembly, reestablished absolute power under martial law, and froze out inside critics like Foreign Minister Thanat Khoman, who had been arguing for a new foreign policy orientation in the wake of the imminent American force reduction in Southeast Asia. The government's reappointment of Chamnan Yuvapurn as mayor of Bangkok further increased public hostility and cynicism, since Chamnan had been implicated earlier in a \$10 million land scandal and had escaped the short arm of the Thai law only by being appointed Thai Ambassador to Argentina as one of the final acts of the military regime before the promulgation of the constitution. (Chamnan is now in hiding and reportedly anxious that his extensive real estate holdings in Bangkok are about to be expropriated.)

Then on April 29, 1973 a Thai army helicopter crashed about 50 miles west of Bangkok, killing six high-ranking military and police officials and injuring five others. Newspaper investigations revealed that the helicopter had been returning from an illegal

hunting party organized by government officials and including business executives, girl friends and a movie star. The hunt (and subsequent late-night revels) had been conducted against rare protected species in a government game preserve, with the aid of government helicopters, vehicles, and electric generators for entertainment at night. In response to persistent questioning the government continued to assert that the party was on a "secret mission" when the incident occurred. A campaign of intimidation, telephone threats and violence failed to stem newspaper reports (though it did send a number of witnesses into hiding), and "secret mission" became a public codeword for cynical abuse of power. The declining respect for the ruling generals, and more importantly, the declining fear of them even within the government, were demonstrated when both a province governor and a high police official publicly expressed doubts about the cover story.

Following on this catastrophe came an enormous student demonstration in June, the largest in the history of the country up until that time, over the expulsion from Ramkhamhaeng University of nine students for publishing a satirical magazine critical of the government. Thugs again failed to stop the protest, and the government brought further derision on itself by assailing an alleged "third hand" behind the demonstrations. Like "secret mission" before it, the "third hand" was overnight on everyone's lips and in every newspaper, in ironical references to the "hand's" responsibility for everything from water pollution to bad weather: the public's way of signalling their awareness of the generals' contempt for their intelligence. The government was finally forced to back down, with enormous loss of face, by reinstating the expelled students, accepting the resignation of the rector who had expelled them, and instituting an investigation to determine who had hired the thugs to beat up the students. (There was never any question: witnesses said they went to the rector's office after completing their job.)

Only a few weeks ago university populations were further aggravated by a new "gag rule" forbidding outside speakers at university events without prior permission. Supporting the students were older intellectuals, led by M. R. Kukrit Pramoj, editor of the prestigious paper Siam Rath and confidant of the king. Kukrit had written of the government's loss of "moral authority" and had openly accused it of lying to the people on the helicopter hunting scandal.

Far more serious than the alienation of the intellectuals, however, was loss of confidence among lower military officers, laborers, and the business community. For some time the government had been suffering heavy casualties in ill-conceived military campaigns against dissident hilltribesmen. In the tribal North, as in the ethnic Thai provinces of the Northeast adjoining Laos, the so-called "communist terrorists" continued to consolidate their positions and increase their strength.

Bread and butter issues -- or more exactly, rice and fish sauce issues -- lay at the root of the regime's growing unpopularity among the working groups. Worldwide inflation and poor crop yields elsewhere had been responsible for a doubling of the rice price, and a 14% general increase in the cost of living, over the preceding year, increases of a magnitude unseen since the post-World War II inflation. Nevertheless the government, widely thought to be in collusion with trading firms, continued rice exports; verbal brawling in public between heir-apparent Narong and cabinet ministers over governmental incompetence in handling the rice crisis further damaged the regime's falling prestige. An equally unprecedented spate of labor unrest arose in response to

the inflation and new regulations permitting "worker's associations" (unions remain illegal in Thailand). Narong's public accusations that Labor Department officials were in the pay of employers, and his father-in-law's angry reply that Narong was "irresponsible," of course did nothing to enhance their standing with the public.

As unsettling as these sources of dissatisfaction were, they were compounded by growing criticism from the nation's business community, long a reliable pillar of the oligarchy. Boonchu Rojanasathien and Paul Sithi-Amnuai, high officials of the Bangkok Bank, the nation's largest bank and de facto head of the powerful banking cartel, openly spoke out against the generals' tax, finance and development policies. At lower levels dissatisfaction grew over the seemingly boundless greed of the generals, flagrant even by Thailand's gentle standards of business ethics. Particularly grievous was the tactic of collecting bribes from all contenders for a project, permit or appointment, while delivering to only one, an unforgiveable sin in a society rigorously conscious of social reciprocity. It was open knowledge that ten percent of the face value of major international contracts had to be deposited in a Swiss bank account; one official of the Canadian Embassy commercial section told me that Canadian companies had complained about this but there was nothing to be done.

Thus it was becoming increasingly plain that Thai military leaders were walking anachronisms, men with guns, money, American backing -- but not the prestige and public respect necessary to pull through a serious crisis with their own people. It was plain in the insulting terms used toward them in private conversations, even in the treatment in the public media: unflattering low-angle closeups of Prapat's enormous paunch, or of him sleeping, jaws agape, at public ceremonies.

In retrospect historians may conclude that the king himself gave the final crucial blessing to the forces of change, in a talk in late September to the students of Chulalongkorn University. The king denied reports that he had disagreed with and forbade recent student demonstrations, asserting instead, according to newspaper reports, that "the public is ready to support the students any time they see that student activities are beneficial to society." Two weeks later the constitutional movement began.

The new prime minister, Sanya Thammasak, is a widely respected civil servant, former President of the Supreme Court, and active member of the nation's Buddhist association. Though not a political figure, he has never been far from politics. His elevation to the prime ministership (the first civilian in 16 years) signifies a new role both for the king, with whom he has had a long and close association, and for the ever-broadening segments of the public whose strivings for political participation have for many years been denied. Sanya has promised a constitution within six months and elections within nine. The interim cabinet contains only two generals among the top positions.

The major question now is how far the new civilian leadership will be permitted to progress toward the kind of democratization which is long overdue for a country of Thailand's wealth, literacy and political sophistication. Constitutional rule is anathema to powerful institutional forces in Thailand, because it would place limits on the self-aggrandizement which many have come to expect as part of a career of public service. A key figure to watch will be General Kris, who saved the country from certain civil war on Monday.

The coming internal struggle will be complicated by one important fact. Much of the country's surplus now being drained off into official pockets flows not through the mechanism of bribes but via the heretofore accepted device of appointing officials to

positions as advisors or board members of private firms. The model for this quasi-institutionalized protection racket was Marshal Prapat, chairman of the board of the Bangkok Bank among many other positions. It may be hard for those readers who live in countries where the government is in principle the servant of the people to understand what is at stake where the government is considered to be the private property of the rulers, to be passed on (e.g. to Narong) as an inheritance. A few numbers may be instructive. When the former prime minister, Field Marshal Sarit, left the scene in 1963, the government confiscated his estate in Thailand, which amounted to \$140 million. (He started as a poor boy from the poverty-stricken Northeast.) Even this stupendous sum would not have come to public attention but for a court squabble among some of his sixty-odd wives over the division of the estate. The papers of the last few days are just starting to put Prapat's wealth together. One single item, the shares of the Bangkok Bank in the name of him and his wife, amount to \$2 million; the size of his cash accounts with the bank have not yet been revealed. It is now revealed that Narong, on a lieutenant colonel's pay, had just bought two acres of land in the prime business district of Silom Road for \$1.65 million. It is also known that Prapat and Narong owned vast tracts of land of immense value on the edge of Bangkok. The phone directory, which lists lines not by user but by the owner of the house, shows for Bangkok alone eleven homes for Prapat and his wife and seven for Thanom and his wife.

If the new leadership of Prime Minister Sanya promises to meet difficulties in democratization, no fewer problems lie ahead in unscrambling the country's economic situation and in realigning foreign policy. The combined effects of American military spending and strong foreign investment have withdrawn attention and urgency from Thai agriculture for many years, with the result that the latter is in a shambles due to endemic monopoly practices, inadequate rural education, and weak government research and extension services. (It had just been revealed in the September 6 issue of the Financial Post that all the paperwork had been prepared, and was just waiting for signature, to shut off the complete market for fertilizer imports and turn it over to a combined Thai-Japanese monopoly which would have sole rights to deal in the product.) The average Thai farmer is heavily in debt, with a consequent rise in landlessness and increase in rural unrest. Declining American military spending is already beginning to unmask this structural problem, among others, in the economy.

The changing American role will be important in another context as well. Even under the now-defunct military regime Thailand was attempting to adjust to the new power realities in Southeast Asia: the ambiguous ceasefire in Vietnam, the coalition in Laos, the increasing role of China and Japan in regional affairs. The prominent use, or abuse, of American weapons and American-trained units in the carnage of the past week may well put pressure on the new Thai leaders to move even faster in the direction of disengagement from the tight embrace of the U.S. There has already been a public outcry over this use of American weapons.

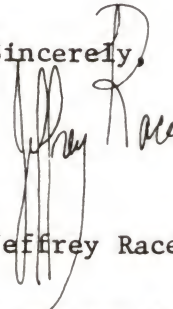
A spokesman for the U.S. military command here, when questioned on this point, declined to give any comment, referring me instead to the Embassy Press Attache. While I have not been able to get in touch with him, I did speak to one of his assistants the other day, who told me that the problem has come up frequently before. The standard answer, and I think a perfectly honest one, is that the U.S. gave these weapons to Thai leaders to kill different people from the ones they actually killed on Sunday and Monday.

The American Embassy's candor on this point is commendable. It makes perfectly clear the kind of society that the U.S. is aiming for in Thailand. The guns are to be used

on poor farmers, on hilltribesmen who are despoiled of their rights just as were the American Indians, on urban workers (the special riot training given to the police); in short, on any low-status, low-income people who assert themselves to gain greater participation in politics or in economic affairs. When the guns were turned on college students, that is, on the aspiring members of the elite who were equally kept out of power by the military regime's abolition of the constitution, the U.S. was horrified. There was not even any of the usual doubletalk about opposition to violent methods of political change, the standard justification for U.S. assistance to dictators. The gentleman at USIS simply and straightforwardly said they had used the guns to kill the wrong people.

It is possible that the shock, the enormity of what has just happened will alert Thai leaders to this sad perversion of American assistance, which is meant, according to the founding documents, to be a vehicle of uplift and humanitarianism. If Thailand is fortunate, the melancholy events of October may propel the nation out of a 40 year interregnum and into fulfillment of the great ideals of the 1932 revolution.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Jeffrey Race', with a large, stylized initial 'J' and 'R'.

Jeffrey Race

P.S.: On Tuesday, Wednesday and Thursday there was not a single policeman to be seen in Bangkok; all traffic was directed by Boy Scouts. The few policeman remaining in the stations wore civilian clothes. According to the papers the first few policeman to appear on the streets this morning to direct traffic were assaulted by the public and had to withdraw.

Received in New York on October 23, 1973.



The peaceful march of 400,000 citizens protesting the arrest of thirteen constitutional activists





The caption of this photograph reads: The leader of the suicide squad, who went to beg the tanks not to shoot the people and who threw a tangerine on a tank [implication in Thai: as a gesture of friendship to the soldiers]. He was riddled by dozens of M-16 and machine gun bullets and part of his head was blown off. His comrades paid homage to his dead body; they then covered themselves and the national flag with his blood and ran toward the tanks so that they too could be shot.



This kind of scene ↑ led to this kind of scene ↓



Students hit the deck on Rajdamnern Avenue in a bid to escape rifle and machinegun fire.

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-6

47/1 Ngamwongwan Road
Bangkok 9, Thailand
December 30, 1973

The Problem of Equality - Continued

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York, New York

Dear Mr. Nolte:

Since my last newsletter the political situation has developed quite rapidly and remarkably here. Perhaps early next year I shall write up my impressions of events as they stand then -- it is a little too early now, with so many efforts midway through, such as the new constitution now being drafted, the new legislative assembly just chosen, and the government's new economic policies. I should note now though two corrections to data I included in my last newsletter: first, where I wrote that four girls were crushed by a tank, I am now informed the correct figure is only two; and for casualties, the official figures are 69 killed and 875 wounded. However there are still large numbers of students missing even now -- numbers quoted range from one thousand to two thousand. There has, so far as I know, been no accounting for these people, though rumors, thus far unsubstantiated, continue to circulate about mass graves and truckloads of bodies being dumped into the Chao Phya River.

Returning to my long range topic, interrupted last time by a revolution, I ought to report an interesting conversation I had. I was trying last month to explain to some friends what I am working on now: how surplus is extracted from some people so that cultivators end up with next to nothing, kings and generals end up with palaces, etc., and the present-day versions of the same thing. One friend remarked, and he was it turned out speaking for several of them, "But what is the problem? How else could you have a society?" I am frankly not sure how to interpret such a remark, though I have run into the same kind of idea several times; I infer though that the cognitive aspect is clearly part of the problem.

Several people have also written and indicated puzzlement about my approach. To clarify, I should start by saying that philosophers and theologians have been struggling for a thousand years, probably longer, trying to decide how to identify the "purpose" of something. It's plain you can't always believe what people are saying is the purpose of an action or an institution. What is equally clear is that one of the consequences of every society that I know of, except for the very earliest which I will discuss here, is inequality of all sorts. I have thought it would be instructive therefore, to phrase my inquiry as if these inequalities were the intended consequences of societies. My hunch is that in due course some shocks of recognition may ensue.

In what follows I have profited greatly by talking with my colleagues here in Thailand and by going through the works of Peter Blau, Gerhard Lenski, and Eric Wolf.

Sincerely,


Jeffrey Race

Jeffrey Race is an Institute Fellow concerned with contemporary Thai society.

The beginnings of economic inequality

Industrial societies, even most modernizing traditional societies at the present time, are too complex to understand easily the mechanisms involved in producing and perpetuating economic inequality. This complexity arises principally from the variety of kinds of production and hence of numbers of different actors involved; the resulting matrix of exchanges is too difficult to trace. By going back to the very earliest of human societies, however, we can learn the essentials of distribution before complexity sets in, i.e. before there is more than one production method, before there is trade, before there is money, even before there is government. Moreover, since a surprising reversal of wealth transfers takes place shortly after human society begins to develop, we can learn the structural requirements of inequality from observing the transition from the earliest type to the one succeeding it.

We should note in passing that there is no intrinsically stable distribution of wealth, not even equality. This may be somewhat surprising, but it is clear when we think that in a situation of equally distributed goods, any few people could enhance their position by collaborating to expropriate others; of course, their new wealth would not be secure either, since some other group could form, etc. ad infinitum. The game theorists describe this as the three-people-dividing-the-dollar game: there is no stable coalition. But since in fact we usually observe stability, and rarely this war of all against all, there must be something more to the problem than this, especially since we observe not just great inequality, but great contentment with inequality.

Primitive equality: hunting and gathering societies and closed corporate communities

The anthropological record suggests that the highest degrees of equality in history have existed in hunting and gathering societies and, to a somewhat lesser degree, in "closed corporate communities." Of course, these two types of communities have certain important drawbacks as models for an ideal future, but they are instructive for our present purposes. The conditions of the first are approximated by some of the tribal groups which wander about in the mountains of Southeast Asia; the conditions of the second are approximated by lowland village communities in areas of Thailand and neighboring countries where transportation and the cash economy have not yet made much headway (these are of course disappearing rapidly).

The analysis which follows is phrased in terms of hunting and gathering societies but with some modifications it could apply to sedentary corporate communities as well.

The important structural features of communities enjoying primitive equality are:

1. Little surplus -- the techniques of production do not permit much leisure, one and all must work to eat; in real terms, almost all members must work 360 days to eat 365.
2. No capital goods, no investment -- all receipts are in physical form from labor.
3. Small groups -- bands of 100 or so people, not part of any larger political or military structure. Perfect internal communication.
4. Little division of labor -- everyone hunts, fishes, or gathers/grows food; there is no full-time "chief" or staff.
5. Equality of weapons and training -- no special group monopolizes violence; all know each other (via #3) and can organize freely.
6. Some inequality in food production -- depending on skill, fleetness of foot, eye-

sight, health, or diligence; hence there are some inequalities in the flow of food to individuals.

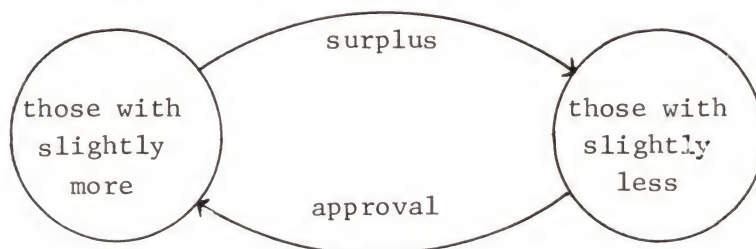
7. No constant external ties -- relationships of cooperation must be entirely among the members of the community itself.

Understanding distribution in this kind of community is relatively simple; it consists of two stages. First, the direct physical flows are not completely equal, owing to skill and endowment variations. Naturally, also, the young, the old and the sick cannot produce. Even so, these first-order flows, before any redistribution, are more equal than in later stages of society, since there is practically no surplus produced. In more technical terms, there is less distribution about the mean because death from starvation lies immediately below the mean. Second, even these first-order differences are ironed out to some extent by redistributive processes.

The levelling transfers in such communities operate through the conjunction of structural features 3, 5 and 7, and to some extent 2 also. Since there are no capital goods and hence no investment possibilities (#2), all physical returns must be consumed. Nevertheless it would be possible for some to consume somewhat more than others by using violence to extract the last ounce of surplus; this could be used to feed both the purveyors of violence and others who would work to provide the "better things in life" such as better living facilities. This mechanism fails to work however. Structural feature #7 dictates that any collaboration to extract surplus from community members must be with community members alone; there are no outsiders with whom alliances can be formed. But the community is small enough (#3) and there is such uniformity in the ability to inflict violence (#5) that anyone could form a group to expropriate others; hence everyone could; hence no one can.

This practical impossibility of transfers to increase inequality is one-half of the reality of living in such a community. Since there is little surplus (#1) and hence little if any savings against a "rainy day" such as sickness or old age, each community member must act to maximize his probability of survival not just today but on that rainy day which is sure to come. Thus those who are well off today give their surplus to others, to gain esteem, and to avert violence against themselves if they did not give. Anthropologists call this the "prestige economy" and it works through ritual feasts, celebrations, and plain "generosity" to transfer surplus from those with more to those with less. No doubt accumulators would like to keep their surplus, but they cannot develop a local staff to protect themselves from their fellows, and they cannot rely on outsiders. Consequently a good face is put on what has to happen anyway; the fortunate share their advantages, and they gain prestige by doing it. To be plain about it, social approval is the alternative to a stab in the back.

This system can thus be interpreted as one of mutual social control, which converges on equality because there are no structurally distinct groups. Each person has more or less the same needs (food and approval) and has more or less the same thing to offer (food and approval). We might diagram it thus:



To use the same terminology as will be applied to the second model, we can say that everyone in such a community has the same technical processes (T) for producing subsistence and surplus, and for producing violence. The rules (R) for behavior are very simple: 1. No one wants to die; 2. Everyone wants to eat; 3. Anything is allowed.

The conjunction of these T's and R's leads to the very slight differentiation shown in the diagram, between those who have more and those who have less; but the differences are not great, and the groups are not structured. According to Rule 3, of course, those with slightly less could form a structured group at any time to compel by violence (T-2) the surrender of their surplus. Thus we can say that the surplus anyone is left with is determined by two things: in the first round of production, by the T of each individual; in the second round of distribution, by the matrix of R's, which in this case is very simple.

We may thus draw three conclusions from the behavior of this kind of community:

1. Even in this primitive type of community there is some differentiation in income through differences in skill, health, etc.
2. Surplus is transferred through explicit redistributive mechanisms from those with more to those with less.
3. Economic inequality largely vanishes, to reappear as inequality of prestige, i.e. for the most skillful hunter, the most generous family, etc. Thus, there apparently has to be some kind of rewards to motivate behavior; it is a question of what form they will take.

Advanced agrarian society

Hunting and gathering societies do not help much as models of what we are looking for, because their technical processes have inadequate productivity to generate much surplus, and because their degree of inequality does not approximate that set forth in the specifications. Advanced agrarian societies are much more satisfactory in these respects though they too have their shortcomings. It should be emphasized that the following structural analysis is only of the distributive process; it is therefore highly abstracted, and some might call it a gross caricature of reality. It ignores, for instance, the defense functions of the military and police, and the community service functions of religious organizations. That is to say, it ignores subjective intentions and focuses on distributive consequences. Whether the distributive results are "necessary" is not addressed. Furthermore, how such a distributive system can exist despite the very great inequalities is also not addressed -- this is an effort to understand the structure only. In real terms, the question we seek to answer is how the surplus is transferred so that the cultivators do not adorn their own humble homes, but build churches and palaces instead.

The structural features of the society we are analyzing here are as follows:

1. More surplus -- the techniques of production permit members to live all year with about 100 or so days of labor. Thus leisure is at least a theoretical alternative to perpetual work.
2. No capital goods, no investment -- all receipts are in physical form from labor.
3. Large size, segmental structure -- may consist of millions of people.

4. Division of labor -- four major groups, of which but one produces surplus.
5. Inequality of weapons and training -- violence machinery is one element of division of labor (cf. #4).
6. Some inequality in food production among those who produce food -- due to skill etc.
7. Linkages outside village communities -- between some local community members and agents of the larger political/military structure.

The distributive characteristics of this structure are roughly as follows:

1. Those who produce the food surplus get only subsistence.
2. Those who do not produce the food surplus receive anything from subsistence to luxury.

This is achieved by a redistributive process which works differently from that of hunting and gathering societies. The following model attempts to simulate a structure which would produce these distributive results which are actually achieved in the real world.

Groups: Leader (L) [head of tax collectors]; General (G) [head of violence machinery]; Priests (P); Cultivators (C).

Endowments: Each group is endowed with a technical process or processes --

L has T-1 -- tax collectors, whom he must pay himself, who collect taxes (TAX);

G has T-2 -- soldiers, whom he must pay himself, who provide either life (LIF) or death (DTH) according to orders (immediate delivery);

P has T-3a --) supernatural forces, who receive communications from P; they
T-3b --) provide either salvation (SAL) or damnation (DAM); in addition they may be influenced by P to provide SAL to those who pay TAX peacefully; thus T-3b permits P to make available tax-collecting capacity (TCC) (SAL/DAM delayed delivery; TCC now);

C has T-4 -- land, which he must operate out of his own resources, which provides subsistence (SUB) and surplus (SPL), according to a process of which C is custodian (delivery six months hence).

Resources and needs of each group

L needs LIF and SPL; offers SPL collected via T-1(TAX)

G " LIF and SPL; " LIF/DTH via T-2

P " LIF and SPL; " (SAL/DAM via T-3a
(TCC via T-3b)

C " LIF and SAL; " SPL via T-4

The rules of advanced agrarian society

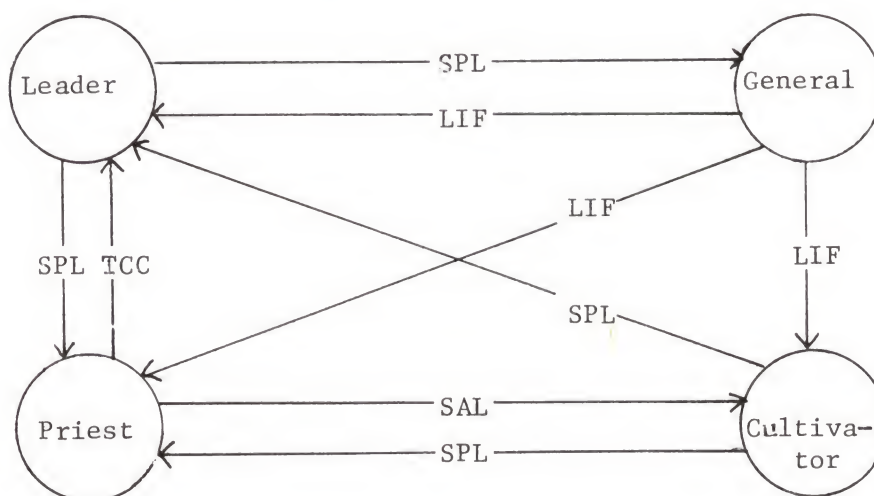
1. Each player operates only his assigned technical process.
2. Everyone wants to eat.
3. No one wants to die.
4. All are infinitely selfish and want as much SPL as possible.
5. Supernatural forces forbid killing.
6. Only cultivators believe in supernatural forces.
7. TAX must be paid regardless of yield.
8. Subordinates obey only superiors in an organization.
9. Otherwise anything is allowed.

The operation of the system

The following are obvious from inspection:

1. L, G and P cannot kill all C since they need SPL (R-1, R-2, R-3 x T-4).
2. C cannot kill any L, G or P since they need SAL (R-5, R-6 x T-3a).
3. C must produce SPL or else they would starve (R-2, R-3, R-7 x T-4).
4. L must share SPL with G or else C would not pay TAX and G would kill L (R-3 x T-2).
5. P offers SAL to C in exchange for some SPL. In addition, P realizes, shortly after play begins, that he has a much more valuable resource, namely TCC, which he can exchange with L for SPL; this is more efficient, since in the division of labor L has a specialized apparatus for transferring SPL, relying on the support of G, who offers immediate DTH for non-payment instead of deferred DAM.

The exchanges that the various parties make can be shown more clearly if laid out in a diagram, which looks like the following:



To find the equilibrium solution for C is fairly simple. First, C trades some of his SPL to P for SAL. However, L has to live too, and he has fairly heavy expenses, so he sets the rate of TAX quite high. Naturally, C refuses to pay; L asks G to enforce collection; G refuses unless he gets a share of TAX; L agrees to share; G gives DTH to one C; the rest of the C pay TAX. The rate which C agrees to pay will converge at the point where the amount of LIF that they get from SUB and G are equal, i.e., where they surrender all their SPL after trading the initial increment for SAL. Thus, after the system operates for a while, the following distribution emerges:

L	gets	LIF	now	and	some	SPL	now
G	"	LIF	"	"	"	SPL	"
P	"	LIF	"	"	"	SPL	"
C	"	LIF	"	"	"	SAL	later.

Thus far the structure duplicates quite closely what happens in the real world, i.e. it offers one way to explain how the cultivators continue for thousands of years to live in hovels while the priests, leaders and generals live in churches and palaces. What it does not explain, at least with the information provided, is the relative shares of L, G and P. Without going into a lot of detail we can say that this depends

on the nature of the belief system, on the comparative cost of extracting surplus by violence or by mystification, on the ease with which one group can take over the technical process of another, and no doubt to some degree, and in the short run, on the personalities of the people involved in each group.

As with the primitive hunting and gathering society, we may draw several conclusions from the behavior of this type of community.

1. Among those who produce surplus (the cultivators), there is some differentiation in income through differences in skill, health, etc.
2. Surplus is transferred through explicit redistributive mechanisms from those who have less to those who have more.
3. Economic inequality greatly increases.

Thus two things are apparent when comparing the two types of arrangements. First, there is a reversal in the direction of redistributive flows from the first to the second. Next, in both cases, redistribution takes place by processes independent of the process of production. That is to say, some inequality arises from the working of the technical process producing surplus; but more inequality arises from the operation of the other technical processes for appropriating surplus and of the matrix of rules in which these appropriative processes are embedded. It is a reasonable first approximation, for example, to say that altering the technical process of production in such a system as just described, to produce more surplus, would result only in the enrichment of the leaders, generals and priests, because it would take place within the old structure of appropriative processes and behavior rules. So the manipulation of distribution requires altering the distribution of technical processes and altering the behavior rules.

We have not yet, however, inquired as to what is the mysterious secret which brings about the remarkable reversal in the direction of transfers from hunting and gathering to more advanced societies. When we look at the structural differences between the two, one thing which strikes our attention immediately is the differentiation which has taken place, resulting in a division of labor between technical processes. Marx, among others, was very critical of this division of labor as one of the elements of social inequality. Closer inspection reveals, however, that it is not the division of labor that necessitates economic inequality, though it is permissive of this outcome. Rather it is the autonomy of the differentiated sectors, in contrast to the system of mutual social control (absence of autonomy) which existed in hunting and gathering societies. Even in the latter there was some differentiation, but independent of this were flows of surplus from those with more to those with less. Those with more could not accumulate because they were not immune to the transfer demands from those with less.

In advanced agrarian societies, however, there are four groups each with its own technical process; of these four, two and perhaps three (P maybe) have a structure in which (via R-8) subordinates obey only superiors, and not those outside the structure of compliance/technical process operation. The heads of the respective structures also (via R-4) obey only their own whims; and no one can perform anyone else's T (via R-1). Due to S-3 there is poor internal communication, and due to R-5 and R-6 the cultivators cannot use violence against anyone else, even if they could get together despite the communication difficulties. The result of this conjunction of S's, R's and T's is autonomy, bringing economic inequality as an automatic result, if everyone quietly follows his own affairs. That is, the matrix of outcomes shown above is sub-

jectively "best" for each participant, and seen as such, given the endowments stated -- through the exchanges shown, everyone is better off than if there were no exchanges at all.

This is so far just the broad outline of the structure of inequality, and many details remain to be filled in by further inquiry. Moreover, this can hardly be considered the whole solution, since we have in a sense simply pushed the riddle one level deeper -- a number of serious problems remain, such as:

1. Even though we have found the secret of inequality in autonomous groups endowed with different technical processes, there remains the wheel-within-the-wheel of how structured autonomous groups can exist. In view of the dividing-the-dollar game, there is no obvious reason why subordinates should comply and get but subsistence themselves, while their superiors enjoy alone the benefits of the appropriative process belonging to the entire structure.

2. Although we have developed a structure which will produce inequality and extract the surplus, we have not solved the problem of contentment with inequality.

3. Is this extractive structure the same one that works in yet later systems of human society? Or is it something different when there is monetization of exchange, differentiation of production, and a decline in belief in supernatural forces and their imputed commandments? This is particularly important, since even advanced agrarian society has many failings in meeting the specifications set forth. The principal one, of course, is the relatively low level of production of surplus.

4. It is not clear how such a system as outlined above, which looks like an eternal steady state, could ever evolve into anything more advanced.

5. What determines the division of the surplus among the leader, general and priestly groups?

Even so, this analysis seems to have some value, for it focuses our attention on what seem likely to be the crucial types of factors in inequality, regardless of the particular structure at a given moment: these are -- the types of technical processes (productive or extractive), their distribution, and the factors influencing their distribution; the rules of behavior in which the technical processes are embedded; the nature of the belief system propagated by the priests. The first is a question of technology impinging on an environment; the second a question of the functioning of social institutions; and the third a question of culture in a broad sense. All three working together define the distributive outcome; all three must be studied in their variations to understand the distributive outcome; and manipulating any of the three, or all of them, offers a means to alter the distributive outcome.

Received in New York on January 14, 1974

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-7

47/1 Ngamwongwan Road
Bangkok 9, Thailand
January 31, 1974

The Problem of Equality - Continued

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York, New York

Dear Mr. Nolte:

My last collection of thoughts on this subject, in JEF-6, was somewhat abstract, even though it resulted from looking at a number of societies of the distant past. This past month I have spent a good bit of time reading into Thai history, to see how well the ideas of last month fit with actual people and events in the country where I live now. I have found some interesting differences from what I expected, and I'll try to spell them out as I go along in the following pages. One major conclusion of JEF-6, that systems evolve soon after human communities form to transfer surplus from those with less to those with more, holds up very well in Thailand. We can observe a number of changes, too, in this extractive system in Thailand, as the society develops from feudal, to bureaucratic, to modern commercial methods of taking from the poor to support the well-to-do.

It has proved very useful to me to see how this real extractive system worked in the past. During the period which I looked at, the leading members of the society were quite straightforward in stating in whose interests the system was intended to work. Consequently the realities were not obscured by egalitarian rhetoric, as they tend to be in the twentieth century. Though the subject here is past, the attitudes, the structures, and the various control mechanisms which comprised the system of wealth transfers of previous centuries still operate in somewhat modified form in the present time -- a subject which I will get around to in due course. In the meantime I want to share the observations I have come by up to this point.

I have been fortunate in being able to use the very extensive historical collections of the Siam Society here in Bangkok. Writers whose works I have found particularly useful are Akin Rabibhadana, a contemporary anthropologist, H. G. Quaritch Wales, who wrote some forty years ago, and John Bowring, British writer and man-of-affairs who a century ago negotiated the famous treaty which bears his name, which opened Siam to world trade.

At some point, when I have adequate sources, I hope to investigate the structure and working of extractive systems in Vietnam and Indonesia during comparable periods. However, my next step will be to study how transfer mechanisms change their nature when economic diversification comes about. In traditional societies, where the principal economic activity is the production of food, "surplus" has an immediate physical meaning; we can see it actually removed from the hands of those who create it. When economic activity becomes more complex, specialized and interdependent, with a multiplicity of productive processes - agriculture, services, primary products of all types, manufacturing -- the meaning of surplus is much less clear. Moreover the transfers are no longer physical transfers of a distinct product which we can identify as surplus, but take the form of bookkeeping entries. Thus I have found it helpful to discover the mechanism of transfers before these complexities set in. I hope others find this a useful exercise also.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. H. Race". The signature is stylized with a large, looped initial "J" and a prominent "R".

The Early Thai System of Wealth Transfers (14th - 16th Centuries)

One of the virtues of ancient Thai society was its openness about whose interests the system was designed to advance. The expression for "reign" was sawoeri rajasombat: an elegant formulation imported from India meaning to enjoy (or eat) the royal property (i.e. the entire territory of the Thai). When the king sent a royal governor to rule an area, he was said to kin muang: to "eat the city." Similarly there was no question why the Thai went to war each dry season: it was to enslave people from the neighboring kingdoms of the Khmer, the Mons and the Burmese, in order to have workers and personal attendants for the Thai nobility. Even Thai "freemen" (phrai) were required to render six months a year service to their master.

Observers seem to agree on the result: that those who labored to produce the food to feed the kingdom received enough to survive until the next harvest, the rulers taking the rest, either on their own behalf or on behalf of the the Buddhist Church. The anthropologist Akin writes thus: "The majority of the people planted rice for their own consumption. What exceeded their needs went to support religion and the governing class of princes and nobles." Wales quotes the French observer La Loubere, writing at the end of the 17th Century, to explain the political passivity of the population: "Being resolved to bear the same Yoke under any Prince whatever -- and having the assurance of not being able to bear a heavier -- they concern themselves not in the Fortune of their Prince: and experience evinces that upon the least trouble they let the Crown go, to whom Force or Policy will give it."

Even so it appears that Thai cultivators were better off in some sense than their European counterparts, for the documents I have been able to locate speak of no peasant revolts until the modern period. This remains to be checked out. Whatever the "intentions" however, this period appears less problematical than the 20th Century, where inequality is an "unintended consequence," to the overcoming of which the best efforts are being devoted. In the traditional Thai system, inequality was clearly intended: in wealth and income, in honor, and in power. So far as I can determine, three elements made the system work as well as it did: a value system, a transfer system, and a control system. We can devote a bit of space to each.

The Value System

It is reasonable to ask whether values, i.e. beliefs about what is proper, have any effect on behavior, i.e. what one actually does. One could argue, for example, that some groups of people behave in a certain way because they are compelled to do so, though they do not believe it is right to do so. (For example, some groups of people might think it wrong to build altars and make sacrifices to a certain deity, but they do so because they have fallen under an invader of a different faith.) This defense against the "independent" influence of beliefs holds for any one group within a larger one, but it falls, from the fallacy of composition, when applied to an entire community. Out of the infinite possibilities of behavior, people perform only some, and rather consistently. What beliefs influence these behaviors I will call the value system; it is true, of course, that some large group, responding to its own values, may compel another to perform acts contrary to its own values.

This is just another way of approaching, at a more general level, the problem I mentioned in JEF-6: that even equality is not intrinsically stable. That is, no structure by itself is stable due to some structural properties; values must make certain kinds of behavior salient, i.e. more likely to be performed by all, so that any one individual, in thinking of all the things he might do, must take into account the likelihood of everyone else doing a certain thing; he orients his actions accord-

ingly. Structures can then be designed to increase the probability of this behavior recurring.

Of course, value systems themselves do not develop randomly. It would be foolish to suppose that values favoring inequality are an accident of nature. As we proceed we will note some examples of how values of this sort are propagated through the operation of the system itself.

Going back to JEF-6 for a moment, we noted two things there which a value system must deal with. First, since neither perfect equality nor any form of inequality is stable of itself, the value system must provide for the "rightness" of inequality, in order for a structure to congeal stably around it. Second, an essential structural element of wealth transfers from poor to rich is autonomous organizations, i.e. ones in which the leaders can resist outside pressures, and the followers obey only their leaders -- not outsiders, and not someone else's leaders. Hence we can infer that the more the value system provides for formal obedience (i.e. regardless of the substance of commands) the better will work the system of wealth transfers.

The first of these value elements was provided in the traditional Thai system by religious doctrines, taken over from Indian Buddhism. The important doctrinal points here seem to be two: that the world consists of a natural hierarchy, and that one's standing in the hierarchy now depends on the balance of merit (bun) and sin (bap) from one's previous lives. As Akin puts it: "The Thai perceive that all living beings stand in a hierarchy of varying ability to make actions effective and of varying degrees of freedom from suffering. . . . Status differentiation was the accepted order of things. Being born into a noble family of wealth or being given a position of high rank was the consequence of bun which the individual had accumulated." Thus the salience of inequality, among all the possibilities which the Thai community might have landed on. The notion of rewards in the next life for good behavior in this one also can be seen to reduce the extent of demands for immediate compensation for performance. Likewise it can perhaps assuage feelings of outrage at the high station of what the believer perceives to be wicked men -- they are receiving their just rewards for an earlier life of probity.

The position of the king, at the peak of the hierarchy, received special doctrinal consideration in traditional Thai belief as well. In Buddhist doctrine the individual who attains the throne is (as evidenced by his ascension) a Boddhisatva, or Buddha-to-be, on his way through a succession of meritorious existences. The Hindu doctrine (prominent in court circles in Thailand for a long period) also legitimized the position of the king at the head of a pyramid of inequality, with the notion of devaraja, or god-king. In Thai animist belief, the figure of the king also had special supernatural powers, and by inference rights as well.

The second element, of compliance, was provided by a number of more secular cultural mechanisms. From birth Thai were taught that all social relationships are in the form of superior-inferior, or phuyai-phunoi. Superiors must be greeted with a gesture of respectful submission, the wai, performed by joining the palms together in front of the face; the higher the rank of the person greeted, the higher the palms and the lower must the greeter dip his head. Persons of very elevated rank were greeted by an even more exaggerated gesture of submission, the krab, performed by making a wai with one's forehead on the ground. (These forms survive today, though now one would krab only an aged relative such as one's grandmother or grandfather, a monk, or the king.)

Language forms confirmed the emphasis on inequality: there was (and is) no way to speak Thai without indicating relative status of speaker and the person addressed. Pronouns range from the equivalent of "your excellency" to "you inferior creature." Even brother and sister address each other by terms indicating relative age (and hence status). (It may be worth noting here, for comparative purposes, that analogous, if somewhat attenuated, forms used to exist in English; my recollection of history is that one strong impetus to dropping them was the usage of egalitarian Protestant sects.)

Of the results of these values, Bowring wrote as follows: "In Siamese society, one is alike struck with the vassalage of the subject many, and the domination of the ruling few. So absolute is submission, that the severest punishments emanating from the authorities are submitted to without murmuring. . . . The groundwork of all Siamese institutions and habits is a reverence for authority. This principle is pushed to forms of the most extravagant excess; on the one side of assumption, and on the other side of prostration. It influences languages so far as to create vocabularies utterly unlike one another, to be employed in various grades of society; it is exhibited in the daily usages of life in shapes the most inconvenient and ridiculous. No man of inferior rank dares to raise his head to the level of that of his superior; no person can cross a bridge if an individual of higher grade chances to be passing below; no mean person may walk upon a floor above that occupied by his betters."

These were not by any means empty forms, for there was an important corollary to the notion of rank: everyone had to comply with the orders of his superiors, regardless of how foolish or damaging in their consequences; inferiors were enjoined from speaking to superiors unless spoken to, and from disagreeing with them in any event, again regardless of consequences. Inferiors were expected not to give advice if not asked. Akin cites a well-known incident where a lower-ranking person violated this rule: "When a building was being put up at Wat Phra Chettuphon, an ordinary royal page warned Phraya Siphiphath, the supervisor of the building, that the rope used for pulling logs was too long, and thus there was a danger of the log swinging and hitting the wall of the building. Phraya Siphiphath sharply cut him down to size by saying 'You are too young and do not know anything. You should not tell phu yai what to do.' The consequence was that much damage was done to the building and a number of workers lost their lives." Phrai suffered penalties if they disobeyed their superiors, and were enjoined with such maxims as "Stand by thy princes until death," "Assist thy chiefs efficiently," and "Towards thy rulers do not mean harm." The penalty for a noble disobeying superiors was to be made a phrai.

The Extractive System

Were the king to journey from the ancient capital of Sukhothai into the hinterlands, making the demands alone and in person which the system as a whole extracted, it is certain he would not have survived the trip past the first village. It is plain, then, that he needed help in transferring the surplus from the producers to himself, and that he had to share some of the surplus with those who helped him take it from the farmers. It is also plain in retrospect, though, that the participants at the bottom thought it "right" in some sense, and also (since they apparently never revolted), "better" in some sense than any other set of arrangements which were open to them. So it would be wrong, at least to their perceptions, to equate the system with simple "theft" at sword-point.

As we saw in JEF-6, the secret to such a successful extractive system is in producing a structure of rules and distribution of technical processes such that the

cultivators willingly exchange their surplus for something else that they need. Through proper design (which the ancient Thai system achieved) the structure of rules and distribution of technical processes can themselves ensure that the cultivators have just enough demands that they are willing to trade their entire surplus to satisfy them.

The easiest way to understand the workings of this extractive structure is to begin with the categories of people defined by the structure, since it is the existence of groups of people with different endowments (of physical product or intangibles) that creates the basis for exchange. The ancient Thai system recognized four categories: the king and the princes; the nobles (nai), the freemen (phrai), and the that (something like Western slaves, but with more legal rights).

Under this system the king had the highest status in the land; he had absolute power of life and death over everyone (and frequently exercised it, especially against his own family); and he was the ultimate owner of all property. The system was "intended" to run on his behalf and on that of his family, except insofar as they in turn used their resources to support religion.

The next group, of nai, were the principal assistants to the royal/princely group in transferring the food surplus and labor from the majority of the population on up to those at the top. They were thus responsible for producing the freemen under their control (see below) in courts of law when called; for producing the freemen for annual corvee (six months a year during this period) and for military service. In their capacity as royal officials they were also responsible for collecting taxes, fees, fines, imposts, duties, confiscations, etc. and passing them (or some portion) on to the royal treasury. For these services they were rewarded in various ways with a share of the exactions from those at the bottom. As we noted above, the king would have to share so as to induce others to collaborate with him in collecting the surplus.

The kinds of "payment" which the nai received were several. For one, they were permitted to have their own that (i.e. people whose entire surplus and free labor were committed by law to their owner). Second, they were given custody of freemen belonging to the king, to use as they saw fit during periods when they were not serving the king, provided only that they did not "oppress" them. Third, they had their own freemen to serve them. Fourth, they were permitted to keep a certain percentage of the taxes in money and kind passing through their hands in their capacity as officials. This percentage ranged from one-tenth (for some kinds of fines) to one-half for the rice-tax, to 100% for other taxes. We can say, roughly, that the nai as a group were permitted to keep half of the physical resources that flowed through their hands. Fifth, the nai were permitted to attend court, that is, they had access to the king himself, and thus to considerable influence. Sixth, they were exempt themselves from taxes and corvee. Seventh, each member of the nobility was assigned a numerical rank (called sakdina) which entitled him both to a certain land area, to workers to operate the land, and to the produce of that land.

The third legally recognized group, of freemen or phrai, consisted of two categories. First were the phrai luang or royal freemen, who had to do six months' corvee each year; these people were however entrusted by the king to members of the nobility during the rest of the year. While the royal freemen were in the king's service they had to provide their own food and clothing. A second category were phrai som, freemen who belonged to individual nobles, had to work for them, and did not have to perform corvee. All freemen had to be registered by a government registrar: it was a crime not to be registered, and any non-registered person would be seized by the first nai who saw him -- he could not claim protection of the law.

The fourth group was that of that, something like a Western slave in that they were considered the personal property of another person, who claimed all their time, energy and physical surplus. However, that could own property, inherit, have families, and enjoy protection of the law: their owner had no power of life or death over them. There were various categories of that depending on how the status was acquired - by birth, by debt, by capture in war. Some categories were redeemable, some not. The that did not have to perform corvee. Exact figures are not available, but one source indicates that about one-third of the population consisted of slaves.

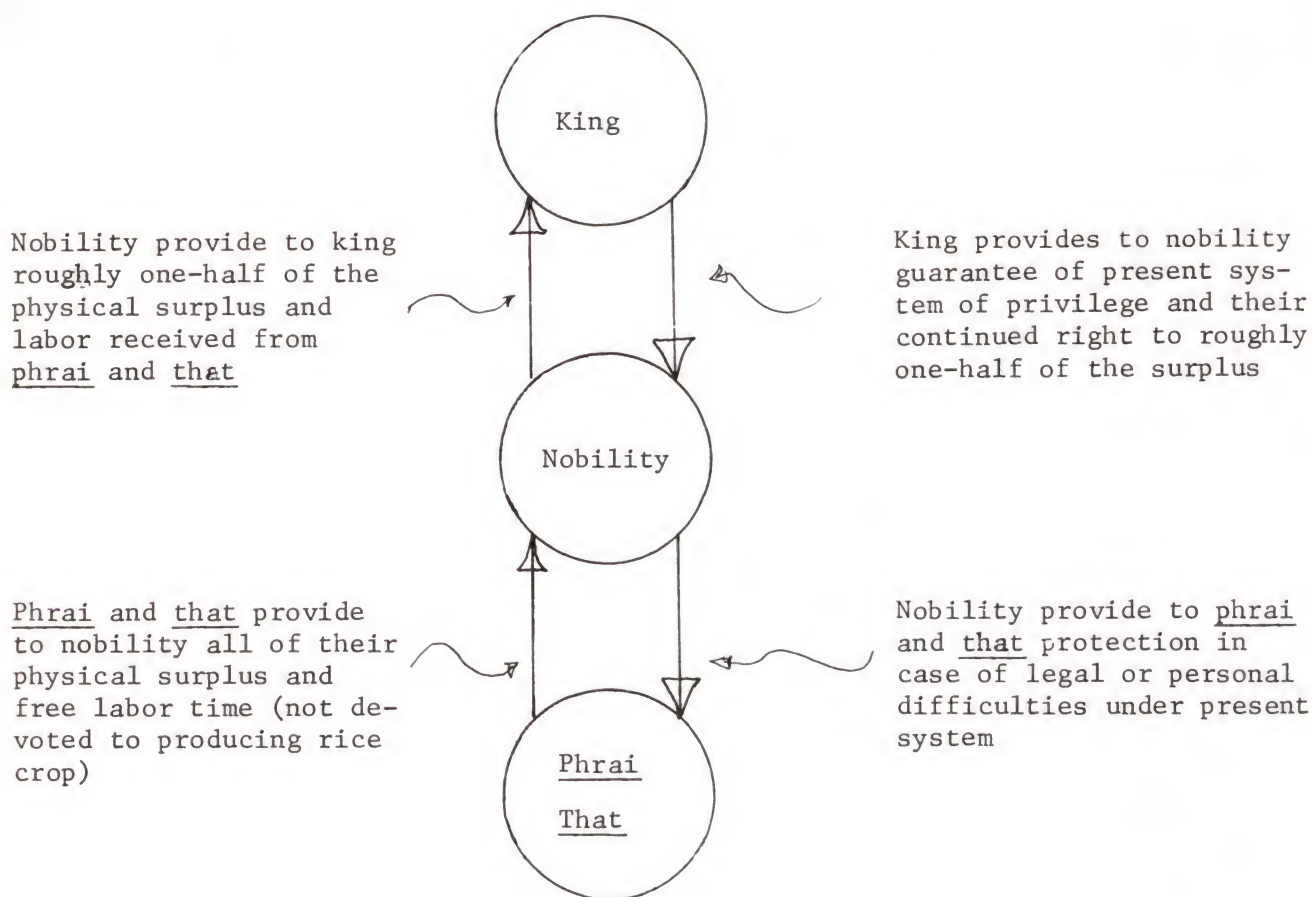
Strictly within this hierarchy, and ignoring for the moment the position of the Buddhist Church, we can analyze the exchanges by which the surplus was transferred up. First, we can group together the phrai and the that and ask what was their relationship to their master, a nai. According to Akin, the nai protected and helped his phrai and that, which he was able to do because of the special powers given to him in the law, for example, attending court, or having legal standing (thus, a phrai could only institute legal proceedings through his nai). If he wished, a nai could also (in violation of the king's law) give a document exempting his phrai from taxes. In Akin's words: "When a phrai wished to institute a legal proceeding, it was the duty of his nai to bring him to the proper court. When the phrai had trouble, he could request help from his nai. If the phrai was sent away in service to the government, and his wife was in difficulty, she should inform his nai to report the matter to the king. In case the nai took the phrai with him on government service, and the phrai was in need of money, a law laid down that the nai should let him borrow money without interest."

In return for these "protective" services provided by the nai the phrai supported the nai as a group. Akin quotes Bishop Pallegoix on this point: "Normally, [phrai] constituted an important source of income for their nai. If the nai did not oppress them, but let them earn their living in peace, they would give large amounts of gifts such as rice, fruits, vegetables and fish." These voluntary donations were of course in addition to the statutory requirements of labor services, taxes and fees, the point being that because the nai as a group had discretion to be more or less helpful, the phrai wanted to be as "helpful" as possible.

We can also analyze what the exchanges were between king and nobility. To the extent that people believed in the special magical or religious powers of the king, the latter had something to exchange with them, i.e. using his special powers on their behalf. Thus in relation to the nobles, the ancient Thai kings considered themselves as protectors of the interests of the nobility, for example by exempting the nobility from taxes and corvee, by decreeing a special law of inheritance, by exempting the homes of high-ranking nobility from searches, by applying special legal protection to the families of the nobility, etc. The king also legitimated the right of the nobility to live luxuriously (like himself) off the surplus produced by the cultivators.

In exchange for these benefits left to the discretion of the king, the nobility as a group gave the king a large share of the physical surplus produced by the cultivators, and they administered the phrai luang on his behalf.

We can diagram this system of exchanges as follows, to make it clearer:



We should note at this point two persistent problems with this structure. First, it required no, or not much, specialized technical competence to perform the job of king -- anyone could do it. Consequently there was continuous struggle at the top to determine who would get the job that got fifty percent of the surplus of the kingdom. The struggle was frequently quite bloody, with entire branches of the royal family being killed off by the victorious prince to forestall threats to the throne. The second problem was that the king's share was out of all proportion to what he provided in exchange. Consequently there was constant pressure to reduce the king's share and increase that of the nobility. As Wales points out, "every conceivable species of corruption was in vogue amongst the army of officials who handled the king's revenues at one stage or another, with a result that only a comparatively small proportion of the amount collected became available for legitimate government expenditure." (Wales misses the point here: "legitimate" meant being spent on the king's pleasure; "corrupt" meant being spent on the pleasure of the nobility; Wales probably also understates the amount that got to the king, though there is no doubt that some great part got lost along the way: that was the point of collecting the gross amount in the first place.) In any event, these two problems at the top are in marked contrast to the stability of the system at the bottom, i.e. in the exchange system between the phrai and that on the one hand and the nobility on the other. Why this was so is not clear to me yet, and it deserves further study; it may be related either to the structure somehow, or it may simply be a consequence of the small numbers needed to overthrow and/or "cheat" the king.

Thus far (leaving aside the religious sphere) this system shows a major difference from the one proposed in JEF-6: it does not have the differentiation in the extractive system between the tax collectors and the enforcers, which in my earlier approximation would have left open the possibility of bargaining by elements within the extractive system, one with the other. The Thai system was peculiar in that the nobility was not organized into specialized hierarchies; there was only one structure, headed by the king. To rule progressively larger areas the system grew like a tapeworm: it developed more and more identical segments, each responsible for a variety of functions, tax collection, defense, justice, within its own area. I am not clear on the implications of this, except that I think it tended to improve the position of the king. As we will see shortly, this same lack of differentiation also applied to the religious sphere, where it assuredly enhanced the position of the king, in contrast for example with the situation in Europe in a comparable era.

Nevertheless it was autonomy that made this system work, as we learned in JEF-6; that is, it was the immunity of the king and the nobility from any forces that the phrai and the that could bring to bear that permitted them to go on taking the surplus from those at the bottom. We saw that when the size of the surplus grew, it permitted someone to hire a staff to protect him, while paying the staff with the resources extracted from those he was protected against. Curiously, the ideology of such systems always asserts (as in the Thai case) that it is the people whose surplus is taken that are receiving the protection; in fact, "protection system" may be the best description of the operation of the system. In the modern variant, a band of people will join together to threaten violence to others if support is not forthcoming. The basic similarity is of course that the ancient Thai system had exactly the same end in mind, and used the same means: it was designed so that if support was not forthcoming for the king from those at the bottom, their ruin was assured through the agency of the king's nobles themselves. The ingeniousness of the ancient Thai system lay in the fact, however, that whereas modern protection systems operate contrary to the law, within a larger legal framework, the ancient Thai protection system was the law. Everyone, king, noble and freeman, had labor power to exchange, but only nobles and the king had "protection" to offer, hence laying the basis of exchange; and they got this "protection" capability from their special status within the law, made of course by themselves. The ancient Thai system was also an improvement on the modern one in that it ensured that the people at the bottom had no bargaining power at all; hence it was able to extract all the surplus, or almost all. We will discuss shortly the special control mechanisms adopted for this purpose.

I admit that this may not do full justice to the operation of the modern legal system, for the data clearly indicate that modern legal structures define a system of rules resulting in upward wealth transfers only somewhat less stringent than that of ancient Thailand. But to get a handle on this we must first unravel the meaning of "surplus" in a complex, monetized economy.

[The next installment will continue this discussion by considering: the king's perception of the system; the position of the Buddhist Church; control mechanisms for both elites and masses; why the system persisted; and how the system changed and why.]

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-8

47/1 Ngamwongwan Road
Bangkok 9, Thailand
February 28, 1974

The Problem of Equality - Continued

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York, New York

Dear Mr. Nolte:

Last month we looked at what happened to the surplus in traditional Thai society, and we learned that the cultivators traded it to their rulers. We also learned that there was nothing divine about the system; it was a matter of choice, and what the rulers had to trade in return was what they had given themselves by means of their agreements to cooperate with one another and to prevent others (the cultivators) from cooperating against them. Nevertheless the rulers had a special place in the system of religious belief which they supported and perpetuated, and I thought it might be useful to start out by considering this month the king's own perception of the purposes of his, and everyone else's, actions. We can then go on to look at the consequences of their actions, in full awareness of the evanescence of "purposes."

The King's Understanding of the System

According to the views propagated by the Thai monarchy, the "purpose" of Thai society was to glorify and support the Buddhist Church; that is, the surplus of society was dedicated to this end. As a means to this end, Thai society itself had to be protected; hence the king had to be supported, since he led the efforts to protect the society and to support the faith. The anthropologist Akin writes as follows in interpreting a Royal Decree of 1785:

"Giving protection to the people was considered to be one of the most important attributes of the king's role. It was because he was protecting them that he could demand their services. In regard to the phrai avoiding corvee at the time of building the city, King Rama I made the following statement. According to the custom of the land, the monks, the Brahmans, and the people could live in peace because of the power and merit of the king. The king acceded to the throne to protect the people and the kingdom from the enemies who wanted to injure and destroy them. When the kingdom was protected, the Buddhist religion prospered and the people could worship freely. This was because of the protection afforded by the king. Thus the king had done a great deal for all kinds of living creatures of the world. The people should be loyal to him, and be willing to use their strength in doing work for him as an expression of their gratitude."

Wales quotes an edict from the year 1810, the first year of the reign of King Rama II, which expresses many of the same points:

"It has been the custom of kings from old time to preserve the Buddhist religion and to further its prosperity. The way of doing this was by keeping cohorts of good soldiers to form an army, and by the accumulation of weapons, with the royal power at the head. Thereby he vanquished all his enemies in warfare, and he prevented the

Jeffrey Race is an Institute Fellow investigating how the institutions of the past influence how people behave toward one another today. His current area of study is Southeast Asia.

Buddhist religion from being endangered by the enemy, as kings have always done. . . . Now the present king has been enthroned only recently, and has made up his mind to protect the people and the religion from the danger of enemies both external and internal."

Significantly, the decree then goes on to the logical conclusion of this resolve: "And so he has given orders for a new registration to be carried out." That is, a new and more vigorous effort was to be made to track down all those who had been evading labor obligations for the king.

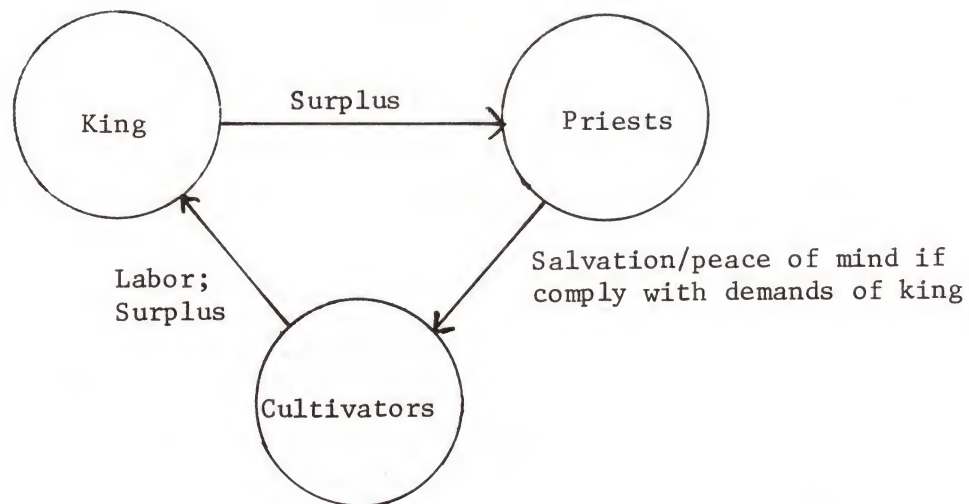
We should note in passing (we will return to the subject later, when we begin to scrutinize modern societies) that these two justifications for appropriation of the surplus -- protection of the people and protection of "national values" (in this case Buddhism) -- are the identical ones used by modern states to justify their extensive powers of command and appropriation.

We should also note that the ideology justifies the rewards only to the king -- not to the nobility, except insofar as they are means to the king's ends. In fact, as coming pages will show, the nobility was partly replaced when better and cheaper ways were found to perform their jobs of command and appropriation.

Consequences as Opposed to Purposes

In the belief system perpetuated by the ruler, religion was an end in itself to be supported by the Thai people, in part by direct contributions of their surplus, and in part through the agency of the king. One qualification to this understanding of religion as an end in itself was perhaps the folk belief that prosperity of the religious establishment brought prosperity to the kingdom; on a more direct basis, benefactions by believers brought rewards both in this life and the next.

We can go behind these subjective beliefs, however, to see what the consequences of the beliefs were. In JEF-7 we spent some time going into the values which made the system function smoothly. One of the major institutions which perpetuated these values was the Buddhist Church: through its temple schools, through its sermons, through the prestige of the monkhood as the bearer of the holy message of Buddha. If we are correct in our judgment that the inculcation of these beliefs in the cultivators made it easier for the king to extract the surplus, then we get an exchange flow something like the following:



This is quite similar in its workings to one leg of the four-cornered exchange diagram in JEF-6. Each exchanges something relatively less valued to himself for something more valued; each has an incentive to continue the relationship for this reason, at least in preference to terminating it entirely. That is why, assuming these endowments of resources and beliefs (including especially the cultivators' beliefs in the next world), the system is rarely viewed as one of "exploitation" by those who produce the surplus. They get value received in the religious exchange system, just as they do (as we showed in JEF-7) in the secular exchange system with the nobility. It is of course quite possible that the cultivators would like to get the services of each more cheaply, i.e. get better terms of trade; we will address shortly why they cannot. Speaking just to structure, and leaving aside the terms of trade, it is important to note that the cultivators have the beliefs they do because of the large investment made by the king in propagating them; similarly the king and the nobility have the special resources they do because of their own agreements to cooperate with one another.

The Thai kings probably never understood their own behavior in these terms. At least, they probably never understood explicitly the instrumental consequences of their lavish support of the Buddhist faith. It is unlikely, though, that they were oblivious to the virtues of Buddhism in making pliable subjects out of their people; they perhaps simply felt this to be a pleasant side benefit of their real purpose. Scientifically, there is no way to show otherwise.

It may be helpful here to note some of the differences between the Buddhist Church in Thailand and the various Christian Churches in Europe, at least insofar as the differences influenced inequality. In general, we can say that the Buddhist Church lacked autonomy in various ways -- and we know now that autonomy is a crucial property in determining whether an organization can bring its weight to bear. This lack of autonomy was both structural and doctrinal.

First, we can observe that the Church lacked autonomy from the Thai rulers, since it was penetrated and under the jurisdiction of the secular power in numerous specific ways that the Christian Churches were not. Second, the king himself was believed to have his own magical powers and his own lines of communication to the next world, hence damaging the monopoly position of the priesthood. Third, the Buddhist Church was not autonomous of the cultivators either, due to the doctrinal belief in the necessity for each male member of the faith to spend three months as a monk. Finally, the notion that there is a power above the king, to which the king is accountable through the Church, has never been prominent in Buddhist doctrine. It is true that there is an ideal of the "universal monarch" following the ten kingly virtues, but this trend of thought has generally been submerged, and in any event retribution for failure to follow the ten kingly virtues will not be visited on the sinning monarch by the Church -- nor will judgment even. So far as I can see, there is no doctrinal basis for resistance to unjust or criminal rule. This is in contrast to the Christian doctrine (going back to the precedents of the Jewish prophets) that the Church may bless the state, but it has the discretion to condemn as well. Such a doctrine of this-worldly religious rationalism does not find a home in Buddhism, as far as I can see; if the blessing is to be withdrawn from the ruler, it will be done by the supernatural acting in its own inscrutable way; and the judgment will be manifest only with the fall of the ruler, or his being stricken with some disease or other sign.

Two important consequences follow from these facts. First, the Buddhist Church

has never in Thailand had the same tendency to become a focus of opposition to secular elites. (In fact the only case I can think of where the Buddhist Church has done so in Asia has been in Vietnam in the mid-1960's.) Second, the Buddhist Church has not itself come to occupy the clearly extractive role vis-a-vis the cultivators that some branches of the European Christian Churches have (or at least did) - due, I think, to this circulation in and out by the secular masses. As a result less discretion over the surplus has been in the hands of the religious leaders in Thailand, compared to Europe, while at the same time the Church has been a more effective, and a more reliable, instrument of the state in extracting the surplus. This I think goes a long way toward accounting for Bowring's observation about the absoluteness of submission in Thailand.

The Protection System

We have seen that, from a distributive point of view, there was more to the "support of religion" rationale than the participants probably understood. What about the other half of the ideological rationalization of the system: protecting the people? What does this argument amount to?

In part protection meant tracking down, apprehending, and bringing to justice the occasional burglar and murderer in the Thai countryside, but we know from JEF-6 that the stiff social controls on deviance in small isolated communities meant that this was never a severe threat. The most important threat was from outsiders, invading to enslave Thai cultivators, i.e., to appropriate their surplus on behalf of another state.

Who were these outsiders? At first glance they were the Mons, the Burmese, the Cambodians, and the Vietnamese -- these were at any rate the terms in which the Thai rulers presented the argument, and in which the subjects accepted it. But we know from the way these societies operated that booty and slaves acquired in war accrued to the elites among the invaders, just as in cases where the Thai rulers used their subjects' manpower to go on raiding expeditions into neighboring kingdoms. Thus the ideological rationalization of protection translates as follows in real distributive terms: the Thai king organized the protection of his subjects with the explicit purpose in mind of preventing their rice crops, their animals, their labor, from being turned to the account of foreigners (foreign elites). The subjects also understood it this way, though they did not make the distinction between subjects and rulers when thinking of whose hands they would fall into. The consequence of preventing the subjects' surplus from falling into the hands of foreign elites was that it continued, as we know, to fall into the hands of the Thai elites.

What is even more brilliant about this argument is that its mirror image was used by rulers in all the adjoining states to justify their extracting the surplus from their own cultivators. Thus for example the Burmese kings argued the necessity of transferring to themselves the surplus of their Burmese cultivators on the grounds that this compensated them for their leadership which prevented these same cultivators from being compelled to labor for the Thai rulers. The Thai rulers made the same argument to their own people vis-a-vis the Burmese; the Mon leaders to their people; the Khmers to theirs, etc. This argument, as can be seen, is so outrageously clever that the first ruler to think of it must certainly have been a genius. It is obvious, however, that there is more to the argument than simply being protected from having one's surplus taken by foreigners - for the amount of surplus taken was roughly the same in all these states (i.e., all of it). The cultivators may also have been thinking of ethnic solidarity, avoiding an unpleasant move to a new area, or some other factors which tipped the balance in favor their own rulers.

So much for the structure of the system. What of the terms of trade, i.e. the "price" which the purchasers of the protection service had to pay? According to the rationale, it was the rulers who provided the protection and hence deserved the large rewards. How was this protection in fact carried out (forgetting for the moment all the observations we have just made about the real-world distributive consequences of this service)? It is plain that the king did not go out to patrol the streets himself at night, nor did he and the nobles go to engage the Burmese, the Mons, the Khmers, and the Vietnamese in place of the people receiving the protection. On the contrary, they hired others to do these things at subsistence wages or their non-monetary equivalents. Hence we see that what was technically required for this protection service was large numbers of peoples at fixed wages, plus a certain number of people with status, and hence authority, who could organize and command the others.

If the flows to the king and the nobility had been of the character of wages paid for providing a service, then they would have been proportional to the quantity of services provided, a return for the extra element of authority added by the elites. But this was not at all the character of the flows to the king and nobility. Their "compensation," as the ideology indicates, was not in proportion to the effort expended; it was a residual of the total surplus extracted less the amount expended to hire the labor at subsistence rates. Since the return was a residual after fixed costs, its level was set completely by the rate at which surplus was collected. We have discussed above how this rate was set; hence we now know how the rate of "compensation" for "protection" was set. We see that as with "support of religion" there was a vast difference between the rationale and the actual consequences.

In this connection we should note here (it will be developed in more detail later) the identity of who gets this residual gradually shifts as societies develop. In Thai society in the feudal period, it was the king and the nobility, hiring soldiers at subsistence rates. Later, the king hired not just the soldiers but also their officers at fixed wages (shift to a bureaucratic structure), hence keeping all the residual for himself. Finally the king himself was put on a fixed salary. What happened to the residual at this point is not immediately clear, but it should be an interesting point to pursue when we get to studying that stage.

It would be wrong to look down on Thai cultivators as simpletons, lacking in analytical sophistication, for being taken in by the rationale of "protection" for so many centuries. The truth of the matter is that this same argument successfully fooled not just Thai cultivators but generations of Western anthropologists, sociologists, and political scientists who right up to the present moment continue to explain and justify the appropriation of surplus by elites as "compensation for protection." Any standard textbook repeats this line, not just repeating a rather self-serving line of argument but also totally misleading the reader about the actual structure of the process.

Control Mechanisms

The great inequalities successfully produced at any one moment by the structure and values of Thai society naturally made an upward shift in one's position very attractive. Hence the great problem for the people at the top was how to make the system of upward wealth transfers stable. The usefulness toward this end of the religious and cultural values described earlier is plain; consequently enormous resources were devoted to socializing community members into these values. Nevertheless

the rewards for upward movement were so enormous that beliefs alone were insufficient to keep people "in their places." Special control mechanisms were necessary.

We know from JEF-6 and JEF-7 that it was the cooperation of certain individuals, in autonomy from others (and only rarely relying on violence), that brought about the successful transfer of resources from those with less to those with more. Yet cooperation implies communication; consequently many of the special control mechanisms employed inhibited communications of various types and in various ways in order to attain their ultimate goal. Here we see another case where common beliefs are mistaken: it is usually assumed that as societies progress from primitive to modern, internal communications improve. This is a half-truth at best. We know that what prevented inequality in hunting and gathering societies was precisely the completeness of internal communications; their deterioration led to autonomy and inequality. Relying on this phenomenon but consciously turning it to their ends, leaders of traditional Thai society sought to have differentiated communications patterns, in at least three ways: 1. they sought to achieve a correlation between ease and degree of communications and social rank - the higher the rank, the easier and more complete were communications; 2. they sought to have communications move vertically more easily than horizontally; 3. they sought to inhibit the communication of certain kinds of messages completely.

I have not yet uncovered all the control mechanisms, but quite a number were apparent in going through the readings on Thai history. Let me divide them into two kinds: those on elites by the king, and those by the king and elites on the lower subjects. Elite control mechanisms were exemplified by the following:

1. The norm of spying and mutual suspicion. Wales quotes La Loubere on this point, saying that the trade of informer "is commanded to every person at Siam, under pain of death for the least things; and so whatever is known by two Witnesses, is almost infallibly related to the King. . . ."

2. The yokkrabat. A special official sent by the king to serve as chief judge in each province, the yokkrabat was charged with reporting to the king independently of the regular bureaucratic chain, so as to keep the province governor in check and prevent combinations of local officials against the king.

3. Private communications forbidden. Akin notes that "at least during certain periods, there were laws in effect forbidding high ranking officials to have private contact with each other. Capital punishment was prescribed for officials [above a certain rank] who went to see each other at their abodes or talked to each other in secret."

4. A change after 1569 from territorial to manpower control for the nobility. Up through the first fall of Ayutthaya in 1569, princes and nobles were sent to rule towns and all their inhabitants; the system worked well as long as it was expanding and successfully gathering spoils from its neighbors; in case of difficulties, however it was easy for the elites to split off and turn on the Thai king, for they commanded an entire territorial and manpower unit, colocated with them. After the successful Burmese attack on Ayutthaya in 1569, when this phenomenon of dissolution and disloyalty was prominent, the kings slowly changed the structure by moving the princes into the capital from the provinces, replacing them with governors, and putting the princes in charge of phrai scattered throughout the kingdom, a sort of functional organization cutting across a separately organized territorial one. As Wales describes it: "the nature of the feudal system was changed from one of which the basis was territorial . . . to one of which the basis was personal . . . By allowing the [phrai] to choose his

lord or patron, the power of the latter was weakened because, instead of drawing his men from one well-defined area of land which was his fief, they were, within the limits of the territories immediately surrounding the capital, widely scattered and were also permitted to change their habitat."

5. Kinship rules. Inheritance was in equal shares, and there was no corporate family.

The fourth control mechanism seems to have been the keystone in the arch, for before its adoption the combination of the other communication control mechanisms and the special value placed on the king in religion was still insufficient to ensure stability. Speaking of the Early Ayuthaya period, Akin writes: "Yet even with such an aura surrounding him, it appears that only a strong king could rule in peace. Numerous succession disputes and dethronements of reigning weak kings testify to this conclusion. . . . At the death of a reigning monarch, the princes who governed important towns moved their troops to Ayuthaya to fight among themselves for the throne, or to put to death a weak successor, often their own nephew or cousin."

We noted above that the cultivators wanted to get the services of the king and of religion more cheaply (though they were convinced of their value), but that they could not. It was the control mechanisms on the cultivators by the elites, analogous to the ones on the elites themselves by the king, that prevented the cultivators from getting better prices in their exchange relationships. The control mechanisms were designed to ensure that the cultivators had no basis for bargaining, i.e. no way to bring pressure on their superiors. Thus, the superiors had virtually complete autonomy. Some of these control mechanisms were:

1. Assembly of the cultivators apparently forbidden. Wales quotes an order from King Day Srah, dated 1727, to his provincial governors. "If [the governor] sees signs of the people assembling and combining together he must find out the cause of it."

2. No local self-government. Even the heads of villages were chosen by the provincial governor.

3. All must be registered. As early as 1356 it was required for phrai to be registered for labor, and by the time of Ayuthaya it was required that all phrai be tattooed. (To anticipate our account a bit, it is interesting to record the modern counterparts of these control mechanisms: all Thai must be registered with the police and must present the "family book" register for all kinds of transactions; they must also carry an identification card under penalty of a fine; and students must wear uniforms with a special identifying number plainly embroidered over the breast.)

4. Movement was controlled. A phrai could not move without the permission of his nai.


Thai history furnishes us with an extremely useful control group to infer the effectiveness of these special mechanisms for limiting the returns to the Thai cultivators - the Chinese. For reasons which we will examine later, the Thai kings encouraged the immigration of Chinese, and the latter were not placed under two important constraints under which Thai lived: the corvee and the restrictions on movement. As a result, financial assets began to accumulate in the hands of the Chinese community, until today they are overwhelmingly powerful in the economic sector. As Akin explains: "With restriction on their movement and the demand on their labor by the government as well as their nai, it was difficult for a phrai to accumulate wealth. . . . Thus the field for [wage labor and trade] was left open to the Chinese immigrants who were

exempted from corvee and were not obligated to be registered under a nai." That is, the system was designed so that Thai members who were not nobility would be unable to accumulate any surplus, the latter being entirely transferred, as we know, to the king and the nobles. The Chinese immigrants (most coming with only their shirts) operated outside of several of the rules which transferred surplus from the Thai and hence were able to accumulate the large investible capital which is presently in the hands of the Chinese community.

An observer might be tempted to ask why the exchange diagram shown on page 7 of the last letter, in which the cultivators traded their surplus for protection, was able to work. Why didn't the cultivators "put pressure" on the nobility and the king to redistribute the surplus, much as in the exchange diagram shown on page 3 of JEF-6, where those with less threaten those with more? I think the above observations on control mechanisms are part of the answer - though only part, since we have noted also the significant role of religious and cultural beliefs. Now to anticipate ourselves a bit once more, it is a curious thing that modern systems of transferring wealth from poor to rich are able, successfully, to dispense with all of these rather clumsy control mechanisms, even while religious indoctrination is declining in importance and effectiveness. So something else quite powerful, and apparently rather obscure, has certainly taken their place. If only for this reason I have thought it important to explain how the traditional control mechanisms worked, so we can know what it is we are seeking in modern societies -- something that accomplishes the same end, but more effectively.

In the next letter I shall have more to say about the real meaning of autonomy in traditional Thai society, and I shall continue with the themes mentioned at the end of JEF-7: why the system persisted, and how and why it changed. The latter in particular will give us a clue as to what are the inexorable forces pushing us -- everyone -- into the modern world.

Sincerely,



Jeffrey Race

Received in New York on March 14, 1974

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-9

47/1 Ngamwongwan Road
Bangkok 9, Thailand
April 22, 1974

The Problem of Equality - Continued

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York, New York

Dear Mr. Nolte:

In my last letter I discussed how some groups in traditional Thai society tried (successfully) to immunize themselves against levelling pressures of the type that brought about equality in simple human communities, largely in the distant past. I thought I would pursue this issue of autonomy a bit again this month, and then go on to evaluate the effectiveness of the Thai system as best I can before moving next month to a different subject. I also want to discuss briefly the forces moving Thai society into the modern form we see today.

One of our conclusions has been that concerning the relative lack of autonomy of the Buddhist Church in Thailand. At the top, it has been under the king's domination; at the bottom, the circulation in and out of the common villager has similarly limited the ability of the church to accumulate surplus.

Not so, however, with the king and the nobility. As for the king, I mentioned last time a considerable number of control mechanisms employed by the latter to ensure that the nobility could not easily combine to bring pressure on him and hence to increase their share of the take. Curiously, though, the nobility also had a large share of autonomy, both from the king and from the common people. It was this freedom from "accountability" (I hesitate to use the word, for the process was one of force, not law) which allowed them to appropriate a share of the take at all. Autonomy from the commoners is not hard for us to understand in view of what I have elaborated in previous letters: the nobility shared with the king in enforcing the control measures on the people -- both nobility and king had a common interest here in ensuring that the surplus was extracted, though they had differences over who would get how much once it left the hands of the farmer. Vis-a-vis the king, the nobility also, during much of recorded Thai history, had no worry about complaints of oppression reaching the royal ears -- communication between phrai and the king could take place only through a nai. During the early years of the Sukhothai era, and in very recent times (since the time of Rama IV, as I recall - about 1850), the commoners had a direct channel to the king, a kind of right of petition. At other times, no.

Aiding the nobility's quest for autonomy were certain special characteristics of their "job" as laid down by the king. One was that they had no definite "salary" in compensation for their extractive role: they were reimbursed by some undefined share of the surplus on its way to the king. A second characteristic was that there was broad latitude for the nobility in their "job": they could engage freely in business, agriculture, money-lending, trade, anything at all, all the while commingling what would now be called "private" funds and resources (especially labor) with "public." The only specific injunction, and it was not very specific, was that they could not "oppress" the people, as this would be a danger to the king. As Akin puts it:

Jeffrey Race is an Institute Fellow investigating how the institutions of the past influence people's behavior toward one another today. His current area of study is Southeast Asia.

The meaning of the term "oppress" was left quite vague. From laws, decrees and cases that occurred, it seems that a town governor or his officials would be considered to have committed this crime when the oppression became unbearable to the people and they moved out of the area of that town or began to request their nai or patron to inform the king or central government of it. It seems that the people would not move away or make such protests as long as the governor and his officials only demanded from the people what was customary in that area. The reason for assuming that punishment would fall on the governor when people could bear the oppression no more and began to move out of the area of the town is that movement of people was always the concern of the government. A Royal Decree of 1717 (still in force during the Early Bangkok period) laid down that when a governor of any town found phrai hiding in the forest, he should ask them whether anyone had oppressed them. When such was the case, the governor was required to send the name of the oppressor to the capital.

We can thus plainly see that in the absence of specific rules for remuneration, or specific guidelines for separation of "personal" from "public" spheres, or specific injunctions about criminal behavior, the nobility had enormous latitude, to the point where they could legitimately squeeze the population until it was "unbearable," or at least just short of that point. Short of this point, no one could say a thing, legally or otherwise.

This kind of extractive system had two results, good for the nobility in both events but bad for the king and bad for the cultivators. First, from the viewpoint of the latter, it permitted the direct appropriation of enough of the surplus to prevent the cultivators from accumulating any. Second, from the king's viewpoint, it was inefficient and unreliable: inefficient because the nobility could keep such a large share of what passed into their hands, and unreliable because the nobility retained too much freedom of action, even to the point of being disobedient to the king. Akin writes, for example, that "proclamations of King Mongkut in 1858 tell us that phrai, slaves and debtors ran away from their nai masters and creditors to hide in the houses of the powerful princes and nobles, and could not be got hold of." Both the king and the cultivators thus had an interest in changing the system, but, as we shall see in a bit, it was the king who was able to bend the system to his will, at least initially.

The Effectiveness of the Extractive System

How good was this system in taking the surplus from the producer? At the level of broad generalization, we know that it was pretty good, from the conjunction of two facts: first, the technical process of the cultivators could produce a lot of surplus (how much we will see in a moment), and second, the cultivators ended up with little or no surplus even after generations of producing it. So it had to have been removed. We can also tell in a general kind of way where it was removed to, by observing the behavior of two groups of actors: the Chinese, who as new entrants gravitated to the nai positions, rather than to those of rice farmers (even though they were raised as rice farmers in China); and the princes, who fought vigorously among themselves to get the top spot of king. These facts suggest that the higher positions were much more attractive, not that (as some might assert) the higher rate of compensation was a return for greater effort. If that were so, if it were just proportional, then there would be complete indifference among participants as to which

position they occupied.

But just how much better were the top positions? To quantify this from the standpoints of status or power is difficult (though I think it can be done), so I will leave these criteria aside and concentrate on the economic dimension. We can get some general idea from a very convenient numerical system the Thai kings established to assign a rank to every member of the kingdom -- the so-called sakdina system. Each individual was assigned a number corresponding to the area of ricefields (na) he was authorized to operate himself or to (in principle) have operated on his behalf, thus gathering the surplus. Hence the sakdina system is a general index of the surplus one person was entitled to enjoy.

For example, a phrai and his family, say five people, were entitled to cultivate 25 rai (one rai= $2/5$ acre); thus the rank of a phrai was 25, or say 5 per person. This is roughly right, I think, since the rank assigned to a beggar or that was also 5. Hence we may divide the sakdina rank of any person by five to get an idea of how many persons' surplus he was theoretically entitled to receive.

With this in mind, we can look at the assigned scale of ranks. Near the bottom of the hierarchy were district officials, whose rank was around 400; in a general kind of way, then, we may infer that the king thought they were entitled to the surplus of eighty people. Alternatively, assuming that the surplus produced was equal to the gross income of the producer (i.e. one family could produce enough food to feed two families), then a district officer was entitled to an income equivalent to 80 times the average income. Moving up to the rank of phra, roughly that of a province or town governor, the rank was about 4,000, implying an income 800 times that of a rice farmer. Those of princely rank within two generations of the king had ranks from 15,000 up to 100,000, or perhaps 3,000 to 20,000 times the income of a rice farmer.

We should keep in mind two reservations about this scale. First, it would be improper to make a direct translation of rank into income: the ranks were permissive, but the actual income of a person depended much on his own ability in making deals and taking advantage of the system at his disposal. Second, the differences in income may have been much more exaggerated than the linear progression of ranks would lead one to think; this at least is the view of a colleague here, Dr. Ammar Siamwalla, an economist at Thammasat University. Ammar believes that someone with a rank of 15,000 was far more than 1,000 times richer than someone with a rank of 15. So we can take the scale as suggestive only, giving us a hint (possibly a conservative one) of the degree of inequality which the designers of the system thought right.

I might note that if we had data on the numbers of people with various ranks, and the income of each rank, it would be possible to reconstruct a Gini index comparable to ones developed to indicate the degree of economic inequality in present-day economies. This in fact has been done for the English economy of the 14th and 15th centuries. I don't have the data now, and I am not even sure it exists, but I shall keep looking for it.

Another useful way of evaluating the traditional Thai system's ability to transfer the surplus is to compute rates of taxation and then express as a proportion of the surplus, realizing of course that taxation was just one way of transferring the surplus (there were several others, which will be discussed further on).

When I first attempted to do these calculations I used as a basis some estimates developed by James C. Ingram in his book *Economic Change in Thailand 1850 - 1970*. On page 65 Ingram calculates rates of return for opening up new riceland and concludes

that the return in the first year equalled the capital investment required, or in other words a 100% rate of return on cash expended (his calculations do not include cost of home-made implements or family labor). Thus Ingram infers that opening new riceland was a profitable venture and that farmers could comfortably pay the interest rates of 30% - 50% then (and now) current.

Unfortunately it is impossible to use Ingram's data because they lead to excessively large quantities of rice produced, at a time when Thailand was exporting no or little rice. Briefly, Ingram estimates that a family of five could cultivate 20 rai of land (one rai equals 1,600 square meters or 2/5 acre), producing enough to feed themselves plus three other families. But if we assume that 75% of the population was actually engaged in rice agriculture, where did the rice go if it were not exported? Hence I am forced to conclude that each family farmed far less, perhaps only 10 rai; this is consistent with the fact that even today a family with water-buffalo power can farm only about 10-12 rai. Consequently the figures I use below differ from some widely quoted in the literature.

This estimate of tax rates is based on price data I have been able to locate for between 1800 and 1850, before there was much of an export market. I guess that the effective taxation rates were not much different in the year 1600. My assumption is that a family of five cultivated 10 rai, reasonable I think also from a figure I have of 1.6 rai per capita in 1925, apparently including all the people not engaged in rice agriculture. Thus this figure compensates for those engaged in service, trade, mining, etc. With the yield figures we have, these 10 rai would have produced 2.4 tons of paddy, but of this the family itself needed 1.2 tons for its own consumption (@ 168 kg per person per year of milled rice) and for seed. Hence the gross surplus was 1.2 tons of paddy, or roughly enough to feed one more family, or slightly less if we allow for losses in storage and shipping. The question is, who determined the disposition of that 1.2 tons, and got the return for it?

Part of the answer is that the farmers were liable for a tax in kind of two buckets (=15 kg) per rai, which is 300 kg of paddy, or one-quarter of the surplus out of their hands the instant it was off the field. What happened to the other 900 kg we will discuss shortly.

We can monetize these in-kind units with the rice prices prevailing then, which were about .7 baht per bucket, or 47 baht per ton of paddy (I have another source which suggests an equivalent price of about .4 baht per bucket, which would increase effective taxation rates, but I will first use this .7 baht figure). The gross income from 2.4 tons of paddy would then be 112 baht. To this I will add 56 baht equivalent for income in kind (calculated assuming that rice consumed was 50% of income, a reasonable figure for a subsistence economy), and also 18 baht commutation fee to avoid having to perform four months of corvee. (That is, I am imputing this income since the farmer could have done something else to earn the income at home, such as a cottage craft, and then paid to avoid service.) This leads to a gross hypothetical income -- reconstructed according to modern concepts -- of 186 baht. Taxes on this amounted to 14 baht for the land tax (two buckets per rai) plus 18 baht commutation fee, or 32 baht, which figures out to about 16% of gross income to direct taxation. If we monetize the in-kind amounts at .4 baht/bucket, the rate becomes 22.5%.

As I type this a figure comes to mind from the modern period which is remarkably close to these: Dan Usher, an economist who has studied the incidence of the contemporary rice export tax, has concluded that it amounted during the period under study

(the early 1960's, as I recall) to the equivalent of a 22% income tax on the rice farmers of the kingdom.

In any event, if calculated in modern terms the effective direct taxation rate during the pre-monetized period in Thailand was somewhere around 16%-22% of gross income. In physical terms, of course, it was one-third of a year's labor for males and one-quarter of each year's rice surplus. To put this in perspective, we must bear in mind that the rulers paid no taxes at all. From this viewpoint, the traditional system was exceedingly effective at transferring labor power and rice surplus so that the poor could support the rich: we can now see in both physical and monetary terms the results of the transfer system described in earlier letters.

So far, however, we have discussed only what might be called "statutory" transfers, i.e. taxes in kind and corvee requirements. There is still almost a ton of paddy from each farm family to be accounted for! The cultivators couldn't eat it themselves without a severe case of indigestion, and so they had to transfer it to someone else. The question is, what did they get in return? I have been able to think of four ways this paddy left their hands.

First, and perhaps most prominent in the minds of the cultivators, was the support of the local village temple. To get an idea of the quantity of resources required for this we would have to have accurate figures on temple populations. Bill Klausner, who has spent many years studying Thai Buddhism, has suggested to me that a century or two ago a typical village of 130 families (comprising about 1,000 people -- different from my estimate, and Ingram's, of family size) would have had a temple with 20 or 30 people permanently resident -- higher than the comparable figure for today since there was a tendency then for a male youth to spend more than the now customary three months as a monk. If we take an average of 25 monks, and a consumption figure of 168 kg per person of milled rice, then the temple would require six tons of rice per year. The 900 kg of paddy remaining per family after taxes adds up to 117 tons for the village, of which six tons is about 5%, or 45 kg per family. Thus the total rice commitment so far accounted for is 25% to land taxes and 5% to support the local religious establishment, or 30% altogether. However, the villagers devoted a great deal of time to laboring on the temple and temple compound, and I think we would be justified in believing that the value of the labor was roughly equal to the value of the rice donated. On a comparable basis to modern accounts, then, some 10% of income (our reconstructed "modern" estimate) went to support of religion -- 5% of the rice and 5% equivalent labor time. (I would feel better if I had some hard data on labor time spent on religion, and I shall keep hunting for it.)

A second important drain on the surplus was interest payments. My data on indebtedness for the period around 1800 are very weak, so pending more investigation I will project backward from some more recent data. Let me use Ingram's estimates for capital required for one family to cultivate riceland, adjusted to an area of 10 instead of 20 rai as I have noted above is necessary to do. The things required were seed, a plow tip, and a water buffalo, and I estimate these might have totalled 40 baht in cost. I will assume that rice for a new couple was provided by parents, but they had to hire laborers to clear land. The interest for such a hypothetical "new couple" on 40 baht, assuming a rate of 40% for one year, would have been 16 baht or 320 kg of rice. Such a couple, of course, could not produce as much as a family of five or more people. I think it is probably more instructive, to learn what happened to the large family's rice, simply to assume that one-half the families were permanently indebted (I assume to the nobility) for the original capital invest-

ment of 40 baht. In terms of modern levels of indebtedness, this is quite a reasonable estimate. We can then average this and say that each family was indebted to a noble for 20 baht, involving an additional transfer of 8 baht per year, or 160 kg of rice, leaving 695 kg to be accounted for.

A third means for draining off the surplus was the royal monopolies which controlled the trade in certain essential items, as well as in others of strategic importance to the king such as arms, elephants, tin and gunpowder. The most important of these essential items was cloth, but the list varied from reign to reign. I have no way of estimating the total involved, though this could presumably be done if we knew the volume sold per year, and how much the selling price was inflated due to the monopoly character of the trade. I should note here that the use of monopolies appears to me to be the precursor of modern methods of determining the surplus distribution: rather than using force or its more camouflaged manifestations, elites use the pricing mechanism.

The final means that occurs to me was the practice of gift-giving, which I had mentioned earlier in the quotation from Bishop Pallegoix cited by Akin: "Normally, [phrai] constituted an important source of income for their nai. If the nai did not oppress them, but let them earn their living in peace, they would give large amounts of gifts such as rice, fruits, vegetables and fish." The idea here is that each phrai wanted to maintain himself in the good graces of his master, and he could do this by excelling at gift-giving. Thus there was competitive pressure to transfer more of the surplus, and my belief is that this converged at the point where most or all of the surplus left the hands of the cultivators. The incentive to gift-giving of course arose from the institutional structure which gave the nai such a potent position. The nai no doubt were well content with a system which transferred the surplus to them as gifts rather than as taxes, a portion of which they were (in principle) obliged to share with the king.

We see that the first two transfer mechanisms leave 695 kg of paddy to be accounted for by the third and fourth mechanisms, and my guess is that such large amounts actually were not transferred by the latter two. Further, in the days before external trade in rice, I doubt that such large surplusses existed. Hence I am inclined to accept Klausner's estimate of family size (7-1/2 persons) and adjust the surplus downward by subtracting the consumption of 2-1/2 more persons, or 600 kg. This would leave an average of 95 kg per family to be transferred by gifts and monopolies, which seems about right. That is, knowing what we do about yields, areas cultivated, and tax rates, we can see how the cultivators had little left at the end of the year -- how the surplus they had in hand went to build temples and palaces, rather than to adorn their own rough huts.

Despite the apparent virtues of this system -- it succeeded in transferring the surplus while keeping the cultivators quite content -- there were a number of difficulties which limited its usefulness. Among them were: difficulty in innovation; unwillingness to take responsibility; poor flows of information; low skill levels; and poor motivation to improve production methods, since the cultivator kept little of the product. It is these difficulties which new systems had to overcome.

Why the System Persisted

In previous letters I have tried to spell out why, contrary to our initial impression, such a system of wealth transfers from poor to rich appeared reasonable

and just to those at the bottom. Now I would like to add a few quick thoughts to this aspect of the problem.

First, I think we can see in retrospect the importance and role of the king's investment in socializing his people into certain beliefs, which he did through his very generous support of the Buddhist faith. (One source mentions that at one time there were 8,000 monks being supported by the royal family.) Some of the rules of conduct prescribed by the faith, for example not to kill, steal or lie, have direct relevance to redistribution; there are other more indirect benefits to be discussed below. One point I think would be of interest here is to ask whether Buddhism is the dominant faith in any hunting and gathering societies, or whether it is only in complex agricultural societies, where investment in propagating Buddhism becomes a paying proposition for the elites. I have no data on this but would like to hear from anyone who does.

A second point is that it was not enough for the king alone to invest in maintaining the system: everyone had to take part. We can plainly see how the nobles had a "vested interest" in maintaining the distributive arrangements, their motivation to resist changes, arising from their expectation of future rewards, was one of the homeostatic systems important in persistence. (For example, the nobility resisted changes in the taxation system following on the Bowring Treaty, but the king, for his own reasons, was able to force the issue.) The crucial point, however, is what induces various participants to be content with radically different levels of rewards. Here we have to come back to the religious faith for part of the answer: the lowest participants invested effort because they too would get future rewards, some few in this life, and more in the next. Another part of the answer, though, has to be that they had no alternatives; that is to say, for the reasons we have discussed earlier, the institutional arrangements did not permit the kind of cooperation which would have enabled those at the bottom to enhance their positions.

Why The System Changed

My hunch is that efforts by participants to increase their share of the take were responsible for important structural changes in the Thai society and economy. Let me try to illustrate briefly how this approach helps to understand what happened in Thailand in the last few centuries, and we can later pursue the subject in more detail. I will use the king's viewpoint, since it was the king who prevailed during this period.

The king's goal was to gather as much of the surplus in his hands as possible, over the long run. Four elements were thus of interest to him: 1. the rate of production of surplus (for an agricultural economy we can say this is the percentage of the population that can be supported in non-agricultural pursuits by the remaining part of the population which farms); 2. the rate of collection of surplus from the cultivators; 3. the rate at which the surplus is passed on to the king by the collectors; 4. the reliability rate.

Let us compute some fairly hypothetical rates for these factors, for the Sukhothai period, a feudal system. Say that with the existing technology, one farm family could support itself and one other: a rate of 50% (we assume that technology was constant for the last six centuries). Let us further be generous to the farmer and assume that only 80% of the surplus was collected by the nobility. I think it is reasonable to assume that one-half of this was passed on to the king. Further, without doing any research, let us suppose that the king was deposed once every ten years, a reliability rate of 90%. Multiplying these percentages out, we get a score of 18%. This

was apparently unsatisfactory for the king, for we know that in the 15th Century the system was changed to a modified feudal structure whereby the princes who had ruled the towns were brought to the capital, their place being taken by appointed governors, who however were still on a share basis. This made it more difficult for the princes to conspire with the Burmese and other invaders, and increased the reliability rate, say for the sake of argument to 92%, thus increasing the score to 18.4.

This however was also unsatisfactory, and in the 18th Century the king shifted partly to a system of tax-farming, using Chinese who bid on the amount to be turned over to the king. That is, the Chinese tax farmers were also on a share basis, but the element of competition reduced the going share as compared to that demanded by the nobility in the old non-competitive days. If we assume the pass-through rate jumped to 60%, the score for the new system jumped to 22. If we further assume that the reliability rate improved, for reasons to be discussed shortly, to about 98%, then the score increased to 23.5. Reliability did improve, as there were no upheavals through the first seven reigns of the Chakkri Dynasty.

The next major improvement came with the elimination (in principle) of the share collection system, in the major reforms of the last decade of the 19th Century. These saw the enforcement/collection system turned over to a cadre of salaried bureaucrats. For the sake of argument we may assume that the pass-through rate improved to about 75%, which hiked the score to 29.5. Ingram notes, in confirmation of this hypothesis, that from 1892 to 1902 (the shift to bureaucratic administration) the king's revenues jumped from 15 million to 40 million baht annually, with no new taxes or changes in tax rates.

We might note here that the factor which permitted the reliability to increase was the divorce of control over men and troops from control over collection of the surplus; this in turn became feasible only with the advent of a money economy. (To collect rice required the man with the gun.)

If we were to pursue this trend further (as we will in later letters) we would see the growth of a monetized economy, an increase in pass-through rates, and an increase in rates of surplus production as well (though not yet, as far as agriculture in Thailand, at least in any remarkable kind of way). My guess is that in modern industrial economies, the rate of surplus production goes up at the same time the collection rate goes down, so that on the whole, the elites remain quite well off, while the system becomes more rewarding for larger numbers of people around the middle and bottom. We also see the reaction of the collectors against the king, as happened here in 1932 with the coup against the absolute monarchy: the collectors finally insisted that their share had gotten too low. However the structure gets so complicated at this point that I don't understand it well at all. I will have to think about it a bit more before I can write further.

Sincerely,



Jeffrey Race

RECEIVED IN NEW YORK MAY 14, 1974

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-10

150 Soi 20 Sukhumvit Road
Bangkok 11, Thailand
May 20, 1974

In Search of a Teak House

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York, New York

Dear Mr. Nolte:

For almost two years we have been thinking of the idea of building a home in Bangkok by bringing old teak houses in from the countryside and reconstructing them as one. The project is finally making headway, the photograph below being of the first of the houses we shall put up. The reconstruction process is fascinating; we are learning a great deal about Thai architecture through it, and meeting many interesting people as well. Although there is much written on the design of Thai Buddhist temples, there is little on the construction of houses, which seems to be more in the nature of a "folk art" passed on through oral tradition. (The craftsmen we have spoken to, for instance, say you make the walls so many arm-lengths long, etc.) Maybe we will get to write a book on the subject! In any event, we will have a home which won't cost any more than our current rent, and we will be preserving something of value from a past era.



Jeffrey Race is an Institute Fellow studying how the institutions of the past influence people's behavior toward one another today. His current area of interest is Southeast Asia.

This is more than a project to get us a house of our own: we both genuinely appreciate the craftsmanship of earlier generations and want to make it a part of our lives. We also think it's a shame that these old structures are being permitted to run down or are being turned into serving trays, and we believe it important to preserve some of them, somehow. Our passion for the craftsmanship of the past is clearly not shared by the current generation here, however, for beautiful old structures are being torn down every day to make way for "modern" slab buildings. It may well be that a decade or two hence there will be much regret over the current stampede to demolish Thailand's architectural heritage, just as there has been in other countries that have gone through this phase.

Although teak houses differ somewhat from region to region in regard to wall and roof construction and length-to-width ratios, the basic plan is similar: the rooms are raised high above the ground on poles, the roof is decorated with stylized naga (a legendary serpent), and there are large overhangs on all sides. The usual explanation for the pole construction is that it is a necessity for the low-lying plains which are flooded several months of the year. In fact there seems to be something of a cultural imperative to this style, since Thai build their houses on poles even in non-flooding locations, while non-Thai residents, such as the Vietnamese, do not. During the dry season the space is used for parking water buffalo, pigs and chickens, or as extra living and sleeping quarters. The stylized naga are counterparts to the quite lifelike-looking serpents which decorate the roofs of Thai Buddhist temples. The large overhangs keep the mid-day sun off the walls of the house and protect the wood from the tropical rains, which usually fall in heavy vertical sheets. So the construction is a mixture of utility and genuine Thai artistry.

Teak was widely used for these houses because Thailand's forests were full of it, and it is so hard that the endemic termites cannot eat it. It holds up pretty well in the tropical climate, lasting twenty or thirty years if given minimal care, and much longer if properly oiled and protected from the elements. For instance we saw one house that was 95 years old and still in acceptable, or at least restorable, shape. The great beauty of the natural wood has produced a brisk demand for its use in furniture construction. Since the country's teak forests are being felled far more rapidly than they are being replanted, there are now severe restrictions on cutting and shipment of teak wood, in order to prevent illegal logging. Only the government monopoly is permitted to move teak between provinces, the only exception to this, as far as I know, being that old teak houses may be moved, provided they have documents to verify their age. Hence practically no new teak houses are being constructed, except through illegal nighttime felling of the forest by villagers.

Our hunt began seriously last year, when we visited Chiangmai University. Just beyond the university compound a retired government administrator has restored a 200-year old teak house which he found in the province of Tak. Originally belonging to a northern prince, the house is an artistic gem. The restoration is beautiful, as is the setting. On our trip back to Bangkok we visited Tak and viewed some more recent, but still quite attractive, old houses, but we could not seem to find anyone interested in selling.

Quite by coincidence Chumsri mentioned our quest to our dentist one day some months ago, and since then our luck has turned. Dr. Chatuporn suggested that we contact a friend of her brother-in-law, a woodcarver in Chiangmai who travels all through the rural areas of the North buying teak carvings to sell to tourists visiting

Chiengmai. Chum wrote to him and he replied, yes, it's possible to find something but it may take time. Then he wrote again saying he had located some possibilities, and Chum visited Chiengmai alone during March to look at them. Finally we both went together to look at the house Chum had selected, leaving on the night of April 27 and taking the overnight bus to the North.

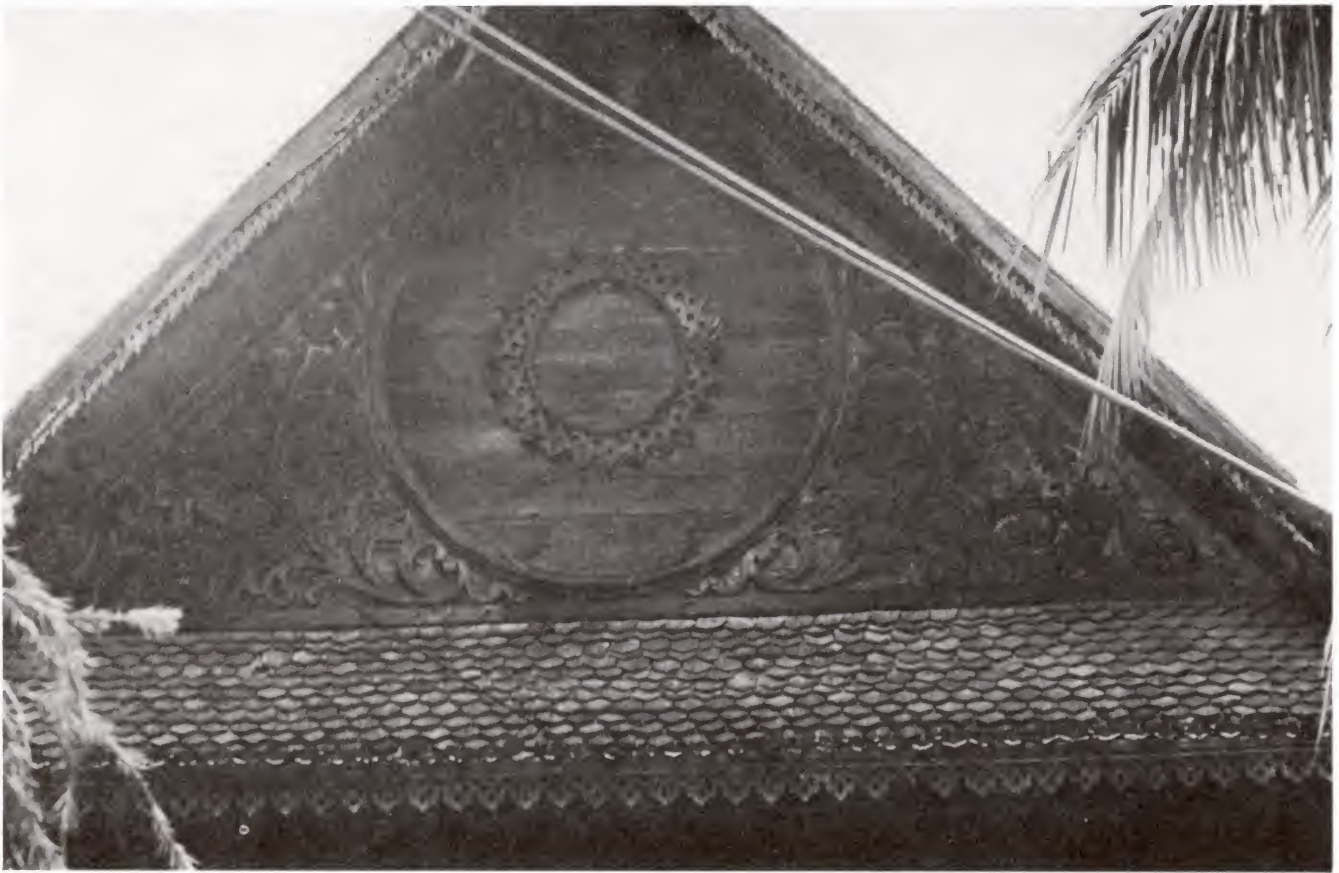
Once we arrived in Chiengmai we visited our woodcarver friend, who was just off on a teak-buying expedition. While we waited for him to return, we visited Sankampaeng, a "suburb" of Chiengmai, where the most ambitious restoration in the North, if not all of Thailand, is under way. The basic structure is an old teak house on a raised platform, but only the poles and some of the doors and windows are being used; the rest was in poor condition and is being recreated by local artisans following the old patterns. When completed it will be used as a tourist center and sales office, presumably for northern-style handicrafts, for which Sankampaeng is well known. I took the photo shown below, which illustrates the northern-style stylized naga (different from that of the Central Plain) and the "gingerbread" carvings under the wide overhang. Chum is on the right. To my right, as I am standing taking the picture, is another structure like the ones shown, and behind me are the stairs leading up from the ground, covered by an elaborately carved roof. The entire platform is about 8 feet above ground and is bordered at the edges by an intricate railing. The architect fortunately was present when we stopped by, and he took time off from his work to show us around, discuss the plans, and answer all of our questions in full detail. He has plans for several more structures when this one is completed, but this much has taken a year already.



We next visited another interesting house on the banks of the Ping River, which flows through the center of Chiangmai. The photo below again illustrates the naga, the large overhangs, and the pole construction. On the far right you can also see the small tiled roof over the stairs up to the platform. Although not visible here, immediately beyond the house is the river, which the house overlooks. This northern-style house has a straight roof going up to the peak, while houses in the central style (such as ours shown on the first page) have concave roofs. I cannot explain the reason for the latter form of construction, which takes much more time and attention to detail. Also, traditional northern-style houses have either strictly vertical walls (like this one), or outward-sloping walls (like the Sankampaeng house, although it is not clear in the photo), while central-style houses have inward-sloping walls.

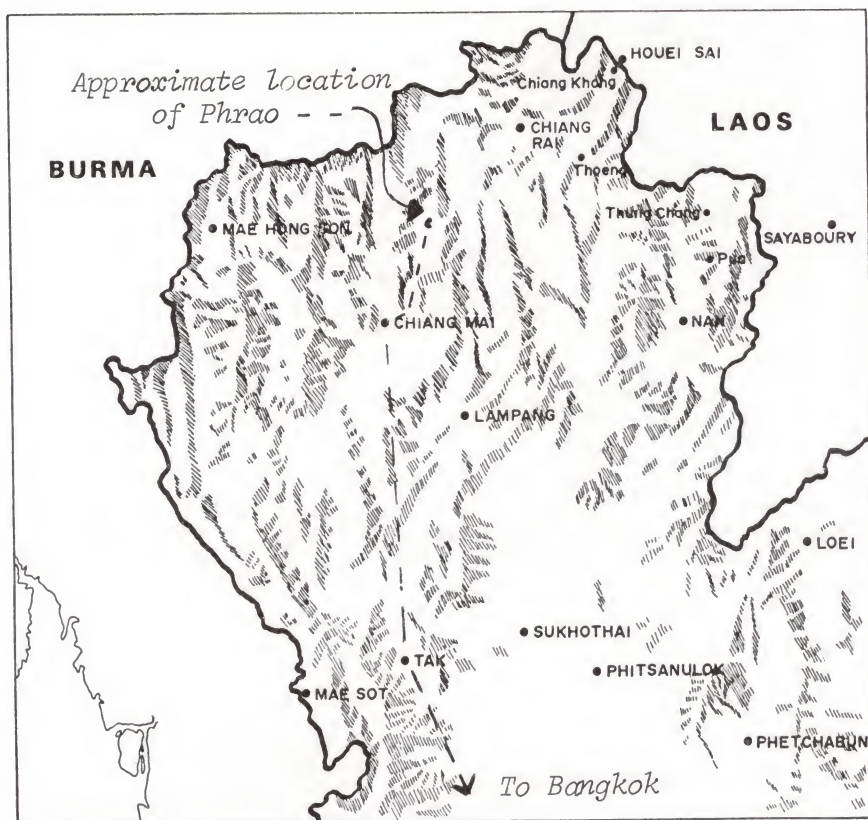


Our next stop was the northern residence of Phinit Sombatsiri (more on him later), which is much more in the rural style, being constructed with wood from old barns. He is very proud of it, as well he might be. Because of his faithfulness to detail, though, the contractor refuses to build any more houses for him! Unfortunately I could not get a picture of this house, but I did get one of the detail work under the overhang of another Thai house right in the center of the city. You can also see the "gingerbread" characteristic of this style. (Photo on next page.)



Monday morning we were up bright and early to begin our trip. Our friend and guide had suggested this not because the road is so long, but because it is so bad! We wanted to get back the same day, and even with this precaution, we just barely made it. Our destination was Phrao, a district town 65 miles by road north of Chiangmai, and about 25 miles as the crow flies from the Burmese border. (The map on the next page shows our itinerary.) We travelled in a 4-wheel drive jeep, which was great for the mud puddles and bogs, but terrible for keeping the choking red dust off.

The first fifteen miles or so were quite pleasant, as the road was hard surface, and there was not much traffic. Along the entire distance the scenery was most enjoyable (mountains and jungles, as opposed to monotonous rice fields in the Central Plain), but as we left "civilization" the condition of the road deteriorated exponentially. It soon became a laterite road, still wide, and then a narrow bumpy dirt road all the way to Phrao, where the main street once again became macadam. The first bridges out of Chiangmai and the suburb of San Sai were concrete, but these later changed to wood, railroad-tie style. In time the construction became even more primitive, shifting to rough-hewn logs exactly as wide as the wheels of our jeep. Enormous logging trucks and 60-passenger busses travel this route, but we never did see one cross such a bridge, and I would not enjoy being a passenger on such a crossing.



As the map indicates, Phao lies in a remote upland valley. The villagers seem fairly prosperous here, since this is an important tobacco and soybean growing area, but the isolation weighed on us as we moved further and further out on the narrow road. In another year we may not have that feeling, for the entire stretch is to be made over into a hard-surface all-weather highway, and the construction crews were already beginning the basic work as we made our way north.

We arrived in Phao around noon and stopped for lunch and a quick wash-up to get the dust off, and then went off to look at the house, which is just a couple of miles out of town. It was built by an older couple about a decade ago from teak which they and their family cut in the nearby forest, but they now want to build a more "modern" house with the money from selling this one. Even so, as you can see from the photo on the next page, this structure was not put together according to the older model, but is simplified a great deal and looks almost contemporary in many ways. We plan to use only the wood and the poles (the teak being unavailable otherwise, as noted earlier), and to redesign the house completely along more traditional lines.

The size of the house as it stands now is 33 feet by 48 feet, supported by 40 poles each 14 inches in diameter. Just inside the door facing you in the photo is a large open living room and then two enclosed bedrooms. Then, in the back, there is a "kitchen" which runs the whole width of the house, with a roof of its own. As it stands it is too dark inside (a problem with all Thai houses), and when we redesign it we will open it up considerably to let the natural light in. The house will take only two days to pull apart, and we will ship it to Bangkok in three truckloads. We estimate it weighs about 40 tons.



The problem with the house in Phrao is that it will take time to redesign and reconstruct before we can live in it. Since we are trying to schedule this project so it does not interfere with our other commitments, we decided to look for something smaller and simpler which we could put up quickly pretty much "as is" and move right into. You see the result of our search on the first page of this letter.

It was Chum who had the inspiration which led to our finding this house. She thought, logically enough, that we should get in touch with the "experts" on this subject, so we called the government's Fine Arts Department and were put on the phone with the Mr. Phinit mentioned earlier. He was enthusiastic about our project, said he had a Thai house himself, and invited us to come over to see it one Sunday morning.

I did not realize it at the time but I had actually visited his home previously, on a house tour in 1970 during an earlier stay in Bangkok. The house and compound are one of the best-known in town, covering about 15 acres just behind the British Embassy off Ploenchit Road. Regrettably I do not have photographs of the house, which is of very unusual design, in fact with a Burmese style roof. The only other example of this in Thailand, as far as I know, is an actual Burmese temple in the town of Ngao near Chiangmai. The house was built more than half a century ago by Phinit's father-in-law. Then it was countryside -- now it is one of the major business and residential areas of Bangkok.

Phinit showed us around a small guest house floating in a pond, which he had rebuilt from a pharmacy originally located in the famous old capital of Ayuthaya. This was the kind of thing we were looking for, so he suggested we find out whether a house were still available which the Fine Arts Department itself had been interested in buying the previous year. This was a fine specimen of the rural architecture of the Central Plain, he assured us, and it had originally been planned to reconstruct it inside the Fine Arts Department compound just across the street from the Grand Palace. Bureaucratic problems had caused the project to fall through, but he encouraged us to travel to the scene to see whether it had yet been sold. The following weekend he sent his driver with us as a guide.

Our destination was a district of Suphanburi province about 110 miles northwest of Bangkok (see map below). We first drove north on the main highway out of Bangkok,



then turned west and drove past Ayuthaya and the next major city, Angthong. From here on the road deteriorates, until finally, as you approach Suphanburi, it becomes red dirt, or more often, dust. We then drove another 25 miles from the province capital to the district town of Don Chedi, named after a famous Buddhist shrine located directly in the center of town. The shrine commemorates the occasion, four centuries ago, when King Naresuan defeated the Burmese king in battle at this location, freeing Thailand from Burmese control. The road to Don Chedi was hard surface, but as we swung east from the center of town, it became dirt again, and as we turned into another temple compound about five miles further on, the road shrivelled to a narrow track just wide enough for one vehicle to pass. This continued on for several more miles through rice fields

and copses of trees, indeed a most attractive sight. Most of Thailand at this time (about a month ago) was dry and dusty after months without rain, but here the fields were full of rice. The price is so good this year (due both to high world demand and to a reduction in the export tax) that the local farmers have been pumping water for months from the nearby river in order to get a second crop.

It was our good fortune that the house still stood where it had a year before -- no one else, it seemed, had yet wanted to have a genuine old Thai teak house, and the owner was pleased to find someone who would take good care of it at its new location. The house was built 35 years ago, we determined, when the owner's sister (now age 35) told us it had been built the year she was born. It's all teak except for the poles and floors, and the walls are intricately carved panels which fit together without nails. In fact, there were no nails used in the construction of the whole house; it fits together with dowels and can be taken apart in one day. It will probably take a week to put back up, since we will modernize a bit and also try to put some right angles in where they aren't now. The floors are wild mango wood, planks one inch thick and 14 inches wide, which take a much better shine than teak.

We have since been out to Don Chedi several more times on weekends to take measurements, to look at other houses, to talk with the neighbors. They speak a different dialect there -- different even from the dialect in the province capital only 25 miles away. It has been a test of my Thai-speaking ability, and a lot of fun besides. We are both happy too to have the chance to meet these people who have meaning-

ful lives of their own, but whom we would never run across in Bangkok. An example of how this kind of barrier typically divides people here: we are going to have the village carpenter accompany the house to Bangkok and reconstruct it for us (his father is the one who built it originally). We thought to have him sit in the truck and escort the house, but he said that would not be enough, even with the proper documents: the police would stop him at every checkpoint on the way to Bangkok, and when they found he could not speak the Bangkok dialect, they would demand bribes to permit him to pass. So Chumsri will have to sit with him. Since she is a government official, who speaks the Bangkok dialect, there will be no problem of demands for gratuities. We were told much the same thing when talking with the people in Phrao.

One of the advantages for us of a house like this is that we can put it together stage-by-stage, as our circumstances and needs require. On the next two pages I am drawing the plan as we see it now. First we will put up this house, having essentially one 18 foot by 10 foot room as a combination living room, dining room, bedroom and office. There is a seven-foot wide porch which we will enclose, so we will have an elevated, protected outside area too. Temporarily we will put a kitchen downstairs. Then, when we find another house that matches or nearly matches this one in dimensions, we will put it up porch-to-porch with this one, giving us another upstairs room, and more space downstairs if we choose to enclose it. The next stage will then be to construct a third concave roof over the two porches, giving us a big center room, about 15 by 25 feet. It will look even larger inside because the ceilings are open all the way up to the tile roof, 15 feet high at the peak. Finally, we will bring the house down from the North and reconstruct it with a living room and dining room upstairs, and a large open area, all connected by an elevated walkway to what we are building now, which will be our bedroom and study.

Fortunately Bangkok is a city of friends and relatives. With two architects and one electrical engineer in the family, we have gotten the best advice available in town, free or otherwise. A close friend of Chum's, also an architect, drove all the way across town and spent a whole night with us some time back to get us started on our construction plan. The construction company is enthusiastic about the project and is doing it on a no-profit basis between big jobs. And a horticulturist friend whose expertise is roses has promised to create a big rose garden for us when we are ready. But we are moving slowly and carefully, a step at a time, as this is new to all of us. No one builds houses like this any more.

In another newsletter I want to tell you a bit about the place where we are building the house: on the Rangsit Canal, north of Bangkok, still largely a rural area. All of our neighbors still grow rice, and there are water buffalo grazing every day in the next field. We have been going out to the land for some time now, and we are becoming members of the community. It's quite an experience, pleasant in many ways, not so in others, particularly for someone used to the anonymity of city life and the norm of privacy which tends to develop in such an environment. To some extent we will be living in a goldfish bowl. But if they can see in, we can see out. More on this later.

Sincerely,



Jeffrey Race

Received in New York June 24, 1974

PLAN FOR DO-IT-YOURSELF-IN-YOUR-SPA

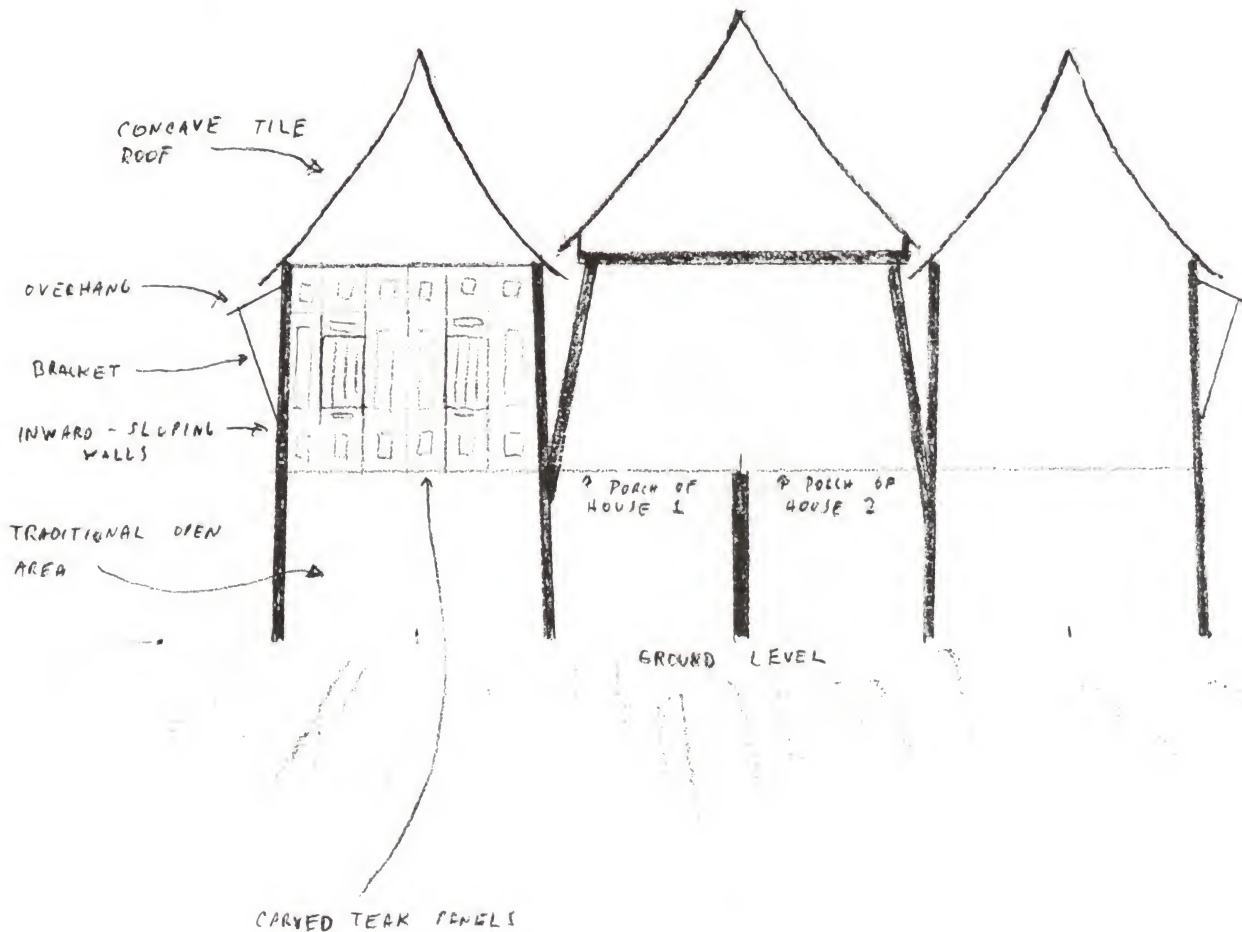
STAGE ONE
A SMALL HOUSE



STAGE THREE
A THIRD ROOF
OVER PORCHES



STAGE TWO
A SMALL HOUSE

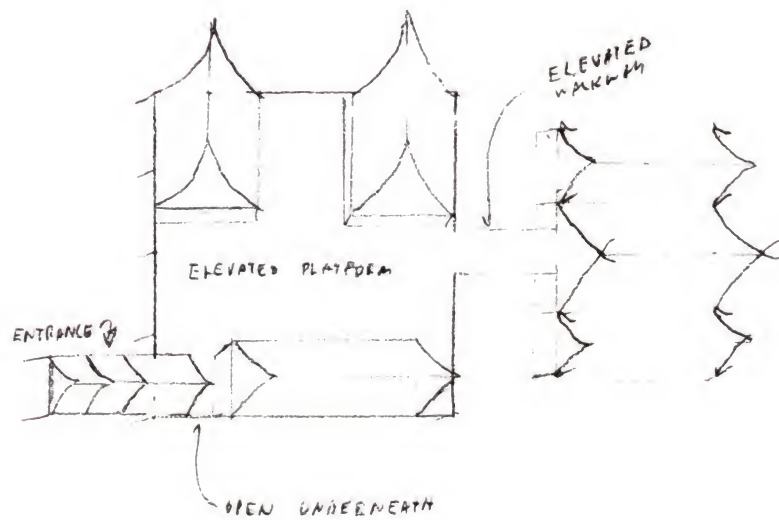


SIDE VIEW

RE-TIME TEAK HOUSE

STAGE FOUR
ADD ANOTHER BUILDING

THIS IS THE
STRUCTURE AT LEFT



TOP VIEW

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-11

A Buddhist Ordination Ceremony

150 Soi 20
Sukhumvit Road
Bangkok 11, Thailand
June 30, 1974

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York NY 10017

Dear Mr. Nolte:

As we had hoped, our new friends at Don Chedi have begun to adopt us into their community. One result of this is that we were invited to visit them again to take part in a Buddhist ordination ceremony for two nephews of the woman from whom we bought the teak house described in JEF-10. I am reproducing below the invitation we received as well as an English translation.

นายยันต์ นางมะลิ พักอินทร์

มีความยินดีขอเชิญญาติ มิตร และท่านที่เคารพนับถือ ไปร่วมกุศลในการอุปสมบท

นายสมนึก นายอุดม พักอินทร์ (บุตร)

กำหนดวันอาทิตย์ที่ 30 มิถุนายน 2517 (ตรงกับวันขึ้น 11 ค่ำ เดือน 8)

เวลา 14.00 น. ทำขวัญนาค เวลา 17.00 น. ขอเชิญรับประทานอาหาร

ณ. ที่บ้านคอย หมู่ที่ 1 ต.ดอนเจดีย์ อ.ดอนเจดีย์ จ.สุพรรณบุรี

วันจันทร์ที่ 1 (ขึ้น 12 ค่ำ) เช้า นำนาคไปอุปสมบท

ณ พัทธสีมา วัดดอนเจดีย์

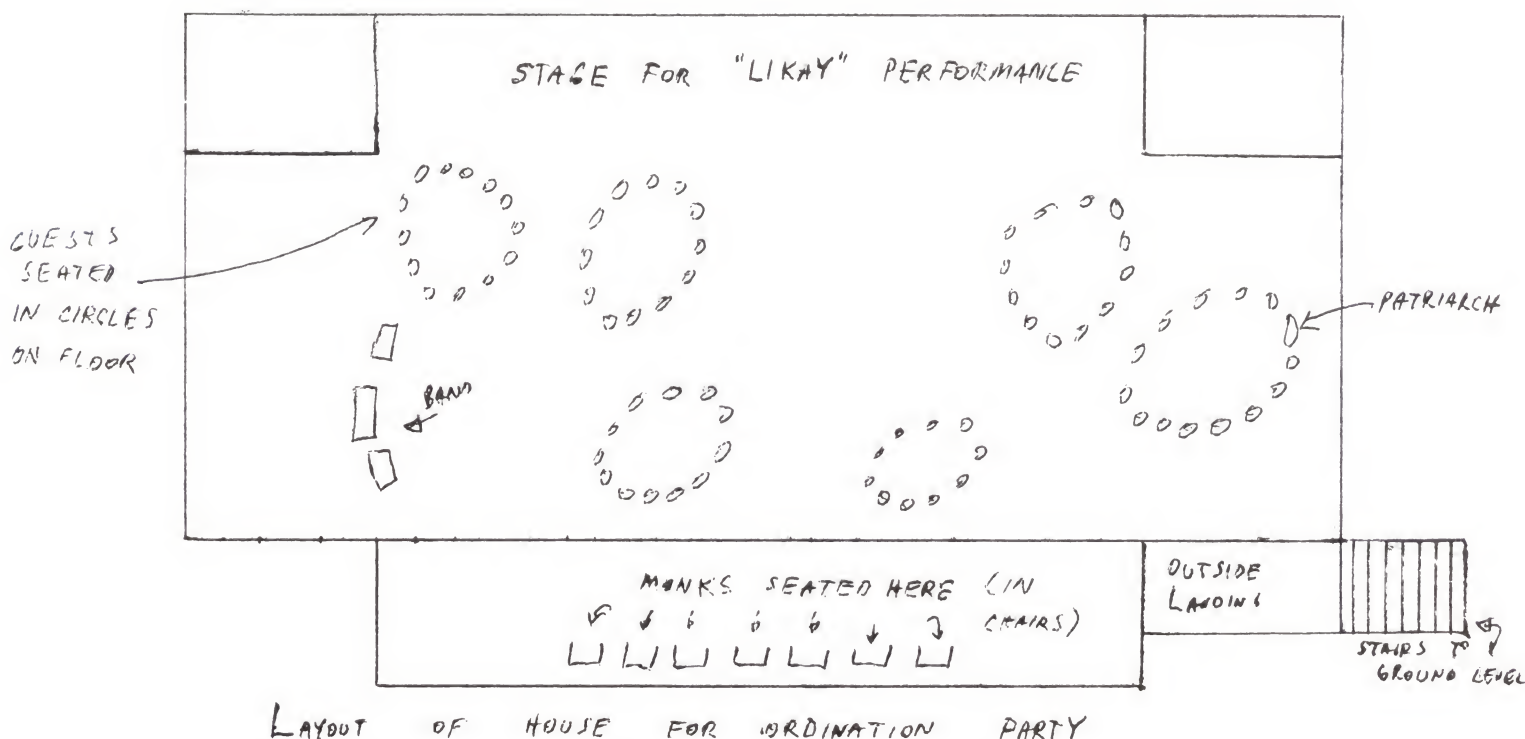
หากกรรมใดที่ผู้อุปสมบทได้ล่วงเกินท่าน ขอได้โปรดอโหสิกรรมนั้นด้วย

Jeffrey Race is an Institute Fellow investigating how the institutions of the past influence people's behavior toward one another today. His current area of study is Southeast Asia.

portant status determinant) and sit on the floor in a circle of 5 to 15 people. (The same thing is true for meals and parties with Chum's family in Bangkok, except we sit at tables. More on this in a coming letter.) The "job" of these women in the division of labor was to prepare candies for the guests. We sat down and gabbed while helping them in the "testing and quality control" phase -- we ate. Several kinds were really delicious; all were sweet and all made of natural local materials, things like egg yolks, cocoanut milk, palm sugar. The women taught me the names in Thai and were much amused when I could repeat all the names right back to them, things like "jackfruit seed candy" and "layer candy." One kind, called "han tra" in Thai, is a very old-fashioned candy "like grandma used to make," so much so that Chum had never seen it in Bangkok in all her 30 years. But here were the grandmothers sitting in a circle at Don Chedi, making things their grandsons will enjoy, but which their great-grandsons will probably have to read about in books. At the same time they were keeping an eye on the youngsters in the other circles.

Due to the importance of the ceremony, many guests had, like us, come from far away, and hence the other major activity in this house was recuperation: people were lying about on mats recovering from their journey and preparing for the evening's festivities. At about this time (4:00 p.m.) a terrific tropical rainstorm came upon us, driving even more inside and, unfortunately, causing cancellation of some of the scheduled events. We raced through the rain to see what was going on in the other house.

We found the band now inside, playing at full tilt as usual. The "patriarch" noticed us and invited us to join him in his circle opposite the band, which we were pleased to do. This old Chinese gentleman, whose wife has passed on, no doubt has a fascinating history if ever we can find it out. He may well have come from China himself, though we have not asked him. It was one of his daughters who sold us the teak house, and he in fact was the first person we saw in the area on our first trip: he was asleep under the house in the mid-day heat.



RIVER

The patriarch has divided his estate up among his four daughters, and now he lives with them in rotation. He apparently settled here a great many years ago, as the house we bought was 35 years old, and they had already been there some time when they bought that. The whole family is quite well established now, having the long strip along the river with their houses, a big truck, fruit orchards, and a lot of rice land in production. (I'll say more about this toward the end of this letter.) Although the area is fairly accessible now, it must have been extremely remote when they settled here 50 years or more ago, and I am really impressed by the pioneer spirit they showed. Not only was it remote then, but they must have felt terribly alone, not even speaking the local language.

In any event, we gabbed with the patriarch and his elderly friends as best we could in the din. There was great amusement at my presence, as I was probably the first foreigner ever to visit this area. One slightly tipsy guest kept coming over to fill my water glass with a powerful local brand of whisky called "Mekhong." (It is not aged before use; the date of production is stamped inside the bottle and it is rarely five days before consumption.) Another guest came over to practice some English phrases with me -- he was actually pretty good. And of course some of the children approached to pull the hair on my arms, a miraculous sight to the comparatively hairless local residents who had apparently never seen a live foreigner before. (I frequently had this experience in rural Vietnam too.)

From another circle near ours I was invited to dance by a merry young fellow we had met on earlier visits, and perhaps I should say a word about that. It is quite a common sight for members of the same sex to dance together, even hold hands or put arms around one another in walking down the street. I saw this in Vietnam too, where it is an ordinary sight without any sexual overtones. Thai dancing is a bit different, though. I am not an expert on its origin, but from casual observation it appears to me that the village-style dance such as I was invited to take part in is strongly influenced in hand and body movements by Thai "classical" dancing, in turn from the Burmese and the Khmer and going back to Indian beginnings. The two partners face each other and follow a vaguely jitterbug foot movement, but slower. Hand movements are extremely elaborate, with the fingers sometimes spread, sometimes pointing, sometimes curved back, in what appears to a foreigner as effeminate gestures. I had never performed such a dance before, but judging from the roars that arose from the guests at my performance, I apparently have some hidden reservoir of talent. I was invited back to the floor several more times!

During the course of the evening we were also introduced to the two candidates for the monkhood. One is a student at Prasarnmit Teacher's Training College, and another has just completed high school. Both were dressed in white shirts and white dresses and had had their heads shaved in the style of a monk. All this was by way of signifying the transition they were about to make; the following morning they were to trade their white for the saffron robes of the monk. Both seemed very pleased and excited at the prospect of what lay ahead.

Although one can become a monk at any time of the year and at any time in one's life, it is commonest during youth and during the Buddhist Lent, which begins just after the rice planting is completed, and just as the rains arrive. According to tradition Buddha forbade his disciples from travelling about during the rainy season, and this thus became the origin of the custom of entering the monkhood during this particular time of year. Whatever the historical origin, this is certainly the best time, as there is little labor requirement in the countryside, and travel is very

difficult anyway.

I have drawn on page 4 the layout of the house where the party was being held during the rainstorm, showing the circles with guests seated on the floor and the seats at which the highest-status guests, the monks, were located. We had brought one monk with us from the provincial seat, the young fellow whom Naa Sawang called "luang phii." Later an older monk arrived, I suspect the abbot of the Don Chedi temple where the two ordainees were to move the next day to take up residence. As he took his position in the seat of honor opposite the "stage" (actually another old teak house, onto which the larger structure had been added), an interesting reaction took place from the guests, which spoke volumes to me about Thai attitudes toward authority. A number of adults rushed over to "krab" the old monk, that is, to clasp the palms together in a prayerful gesture and press the forehead on the floor three times. Some pressed their foreheads against his thigh or lap instead. At the same time, this was not done with any sense of awe; instead the adults paying respect all seemed to know the monk personally, their faces were aglow with smiles, and there was the impression of paternalistic good will. Significantly also, many parents rushed their children (even tots) over to "krab" the monk, and where the babes were not yet familiar with the gesture, the parents firmly grasped their hands together and pushed their heads down on the floor.

If we were to compare this gesture with some Christian counterpart, we would probably say it corresponds to the respectful gesture of the Catholic in kissing the jeweled shoe of the Pope. But this Thai incident argues to me the greater pervasiveness here of the "compliance ethic," since this kind of greeting is reserved in Thailand not just for the head of the Church but for, apparently, any senior monk. The behavior of the parents with the children, too, suggests the importance that Thai attach to this ethic, and how early and thoroughly it must be learned. (I should add parenthetically that I have been interviewing highly-educated Thai government officials about economic development programs, and one of my questions is how they account for the passivity of their countrymen in the face of economic inequality. They invariably have responded: "Thai Buddhism." As I have tried to point out in earlier letters, I don't think this is the entire answer, since people of other faiths show the same passivity. Nevertheless, it is significant that they give this answer, even if, or especially if, it is wrong.)

The arrival of the torrential rain was unfortunate, but even so more than 100 guests attended (though far more had been expected). One of the casualties of the weather was the "likay" performance, a kind of Thai musical show recounting typical fairy tales of kings and princes of olden times. One of the aspects of Thai ceremonies that a foreigner like myself initially finds strange is this tendency to mix the solemn and the fun-filled. Hence at this ordination ceremony, something on the order of a confirmation ceremony for a Christian, there was a band, loud music and dancing, and a dramatic performance, while at a Thai funeral there may be a similar dramatic presentation just before the cremation. At the same time that hundreds of people are sitting before the coffin with palms raised in a respectful position listening to the monks chanting prayers, others will be standing to the side or back eating meals, joking, gossiping, or discussing business or personal affairs.

Another important aspect of such ceremonies is that they are occasions for redistribution of resources within the local community, following the kinds of processes I have described in earlier letters. Relatively speaking, this is a wealthy family, as I have suggested above. Even so, the ceremony is expensive, and there are pressures

to go all out and spend everything one can afford: the band, the liquor, the musical performance, the decorations, rental of a generator, chairs, tables, tents, and the price of the special foods and desserts. So there are many ways that the resources flow from the well-to-do: direct payments to caterers and performers; free meals to the guests; purchases from local merchants. At the same time, consumption is increased, and the resources which might be a threat if accumulated are instead spread about in the community.

There are also some reverse flows involved, since the ordainees receive gifts from each of the guests. Even with the rainstorm they probably collected about \$250, and if there had been no storm the figure might have gone to \$1500. Indeed a number of people remarked that it was sad there had been a storm because it would cut down substantially on the amount received by the ordainees. After spending one's youth in a Thai village one will have attended hundreds of ordination ceremonies such as this one, and the reciprocal gift-giving over so many years produces an important degree of community solidarity. I suppose you might get a flavor of this by borrowing sugar and forth over the fence in an American urban setting, but you would certainly not get the intensity of involvement with each other that is apparent here.

Some readers may have noticed another interesting feature of this ceremony. It is a Thai Buddhist ceremony, and I have continually referred to the Thai traditions involved. Yet the patriarch is clearly Chinese: it is apparent in his language, in the Chinese good-luck posters all over the house, in the strongly capitalistic and cash-market orientation of the entire family. Even so, his grandchildren appear to be completely assimilated into Thai values: they speak Thai and have studied in Thai schools (one even is going to become a teacher in a Thai school), and they have adopted the religion of their Thai fellows. My guess is that if I had met the two young men in Bangkok without knowing the identity of their grandfather, I would have no idea of their Chinese origin. Probably the one thing that will carry over indelibly will be the cash-market orientation, a kind of Asian counterpart to the Protestant ethic.

I should make some observations as well on the economic circumstances of this family, as they seem to me to say a good bit about the agricultural potential of rural Thailand under favorable circumstances. The houses, while substantial, are typically rural and, in a sense, unkempt: the pigs and water buffalo live downstairs; there are weeds in the yard, piles of wood and pieces of machinery lying around. But inside it is apparent that this family is a local power to be reckoned with. They have electricity, television, fans, a hi-fi. They also have a six-wheel truck which probably cost about \$10,000, and lots of land. Many family members are skilled laborers, bringing in cash each month.

The foundation of all this wealth, though, had to be the production of rice, since that is all the patriarch could do when he first settled in this area. I asked Naa Sawang what the figures are like this year for rice income. This is not typical of the past, because rice prices are higher this year, but it gives some idea of what a family like this can do.

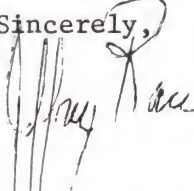
According to Naa Sawang, considering the high rice price but also the high fertilizer price this year, they will make a "profit" of \$50 per rai or \$125 per acre on their rice crop; this however includes some return to their labor in planting and harvesting. Since one family, say of six, can plant 15 acres if they can rent a tractor (which all of Naa Sawang's family does), they can make almost \$4,000 by planting two

crops a year (which they can do since they have year-round water). This is six to seven times the average per capita income in Thailand; in addition, of course, they have cash income from their regular professions as well. They are also fortunate in having a local farm cooperative which will loan them the capital needed for a crop at 12% interest, a very favorable rate, with a forgiveness provision if the crop fails.

As you can see, a family such as this can save enormous amounts of cash if they are willing to live simply, catching fish in the river and eating their own rice and vegetables. The secrets are: 1) own your own land; 2) have dependable year-round water; 3) have access to cheap capital -- your own or someone else's. No doubt this was the process by which the patriarch accumulated his estate. Of course, there are risks. Since I started writing this letter I have had to put it aside to do battle with a case of influenza. During this two weeks it has not rained in the Central Plain or the Northeast, and rice is drying up and dying all over. Naa Sawang's estimate at the end of June of the income from this season's harvest may be 100% wrong if it doesn't rain in another 10 days or so.

To return to the ordination ceremony, we unfortunately had to leave for Bangkok the same day (actually, we left at 11 p.m. and arrived home at 2 a.m.). The actual ceremony, involving bathing the ordainees and changing their robes, took place the next day, along with their escort to the temple preceded by dozens of people performing the Thai classical dances I described above. (We have frequently seen this even in the streets of Bangkok.) Perhaps we shall be able to visit a ceremony next year. The people in the village want to stay in touch. In a typically Thai way, Naa Sawang wants to send one of his sons to live and work with us -- a standard way of forming a rural-urban linkage so that people can shuttle back and forth from that village to the city through a known contact point. We may be able to work it out somehow. In any event, we like Naa Sawang and his family; they have made us comfortable in their own community; and we would like to see them all again.

Sincerely,



Jeffrey Race

Received in New York July 29, 1974

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-12

Opium Growers and Rice Growers:
Shall the Twain Meet?

150 Soi 20 Sukhumvit Road
Bangkok 11, Thailand
July 31, 1974

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York, New York

Dear Mr. Nolte:

We have again returned to an area which continues to fascinate us: the northern region of Thailand. We also made a side trip to Laos, adjoining this part of Thailand, to compare things on the other side of the border. Why does it fascinate us? It is a remote area, little is known about it, yet there are powerful forces at play here which will affect large numbers of people elsewhere in the region and the world. Although we looked only at the North of Thailand and at Laos, some of the problems here exist throughout the whole tier of countries from northern and southern Vietnam through Laos and Cambodia to Thailand, Burma and even India. The solutions to these problems, if any can be found, will require some complex intermixture of human, technological and political ingredients.

I say "if any can be found" because in some respects the problems here resemble those between the American Indians and the settlers more than a century ago. Many thoughtful people are now working in Thailand, however, to prevent an outcome here of the type which was chosen in the U.S.: virtual extermination in many places, with the remnants of the tribal peoples still poorly integrated and dependent even into this seventh decade of the twentieth century.

If we were to seek a mold into which to cast the problems, we might symbolically use the title above: it summarizes all the things that divide the upland tribal peoples from the lowland culture: different systems of subsistence, different beliefs, and the almost intractable fact that while the upland peoples control the land, the lowland peoples control the political system that claims the right to rule the hills. The technological problem is thus how the upland peoples can produce their food, and even a cash income, in ways ecologically compatible with the capacity of the land to support both upland and lowland groups (the upland population density in many areas is now approaching the point where the old agricultural technology just won't work any more). The political problem is how two groups both so mistrustful and so ignorant of each other can be joined in some kind of body politic. The human problem is how people of such different cultural and economic backgrounds can reach a level of understanding where they can work together to meet all the issues dividing the hills from the valleys.

As we learned during our visit, this whole range of problems resolves into four specific issues: water control and deforestation; drugs; tribal revolt; and population pressure on the land. As might be expected, each problem has its own set of bureaucracies, Thai and foreign, each with its own perspective and its own preferred solution. To list some of those involved: water control -- Royal Forestry Department; drugs -- United Nations, U.S. Bureau of Narcotics and Dangerous Drugs, U.S. Department of Agriculture; tribal revolt -- Internal Security Operations Command, SEATO,

Jeffrey Race is an Institute Fellow studying how the institutions of the past influence people's behavior toward one another today. His current area of interest is Southeast Asia.

American Embassy Development and Security Section; population pressure -- Ministry of Agriculture, Ministry of Interior, Public Welfare Department. The important question is, what solution can be found which addresses all these problems and satisfies at the same time enough of the bureaucracies involved to get governmental action?

Perhaps I should go back a bit into my own association with the area, to show how perceptions have changed here in the last few years. I first became interested in the northern hills while living in Bangkok during 1968-69, and I returned during the summer of 1970 to conduct some research on the North. At the time the papers were filled with reports of tribesmen attacking Thai officials, and there was a sense almost of panic in Bangkok about what might lie ahead. For the most part reaction was mindless, the Thai using the not very sophisticated tools that had been given to them. As a result napalm, mortars, artillery and other techniques of random violence were used on the people in the hills. It was very much perceived as a military problem, and decisions were largely in the hands of the military (as was the whole government at that time, of course).

Since then both the perception and the thrust of the bureaucratic response have changed markedly, though the bombing still continues at a lower rate. There appears to be a much greater appreciation among Thai officials of the economic origins of the struggle in the hills, though the political dimension seems not to be appreciated by them, at least as far as I can judge from my discussions and reading.

Estimates vary on the size of the tribal population in Thailand, with figures between 250,000 and 500,000. The tribesmen live in some 2,000 villages spread across more than a dozen provinces in the northern and northwestern parts of the country. Observers judge that about 1,000 of these villages are involved in opium production. Many different ethnolinguistic groups are represented, some recently arrived and some of long residence. One of the most important tribes, the Meo, are recorded in Chinese annals as far back as 4,000 B.C. The Meo were originally valley-dwelling rice growers, but their kingdom was destroyed by the Chinese in the eighth century A.D., and they fled to the hills where they took up the only form of agriculture that makes sense at high altitudes: slash and burn. Today the Meo and a number of other tribes grow opium to provide a cash income: like swidden culture of rice, it is the only sensible solution to the combined demands of marketing, price/weight ratio, and cultural requirements.

In former times there was no "hilltribe problem" (the tribesmen would call it a "lowlander problem"): the Chinese were the only opiumsmokers; traders had cozy arrangements with Thai officials, and there was little contact between tribal peoples and Thai. All this has changed now. The narcotics issue has come to U.S. attention, the cozy arrangements have folded under both foreign and domestic pressures, and population growth has brought both cultures into frequent and often violent conflict over the ever-diminishing area of untilled land. The tribal revolt which erupted in the late 60's, with some assistance from outside Thailand's borders, was only one manifestation of these much deeper problems.

The "solution" to all of these problems will have to consist of a number of elements, and for the simple reason that this is not easily done, the problems linger on in the North to make life difficult for many, many people, first among these the tribal peoples themselves. Presumably some method must be found to limit population growth, both from births and from immigration. A technology

which does not encourage large families lurks somewhere in the background here. If water runoff is to be limited, sedentary agriculture must be introduced so as to eliminate constant cutting of new forest areas. A much higher, and more comfortable, population density would then also be possible. But this implies again a new technology as well as the use of fertilizer, since the whole point of cutting the forest is to release the nutrients stored up in the ground cover. The adoption of a new technology also implies some security of land tenure, and this in turn implies an entirely new political relationship between the hilltribes and the lowland Thai who, legally anyway, view the former as temporary residents without any claim to the land. Finally, whatever technology is proposed must be more profitable than slash and burn rice and opium culture: suppression is impossible in the rugged upland forests, physically as well as politically; so the new technology, whenever it is found, must sell itself.

Some approaches, it is now known, will not work, or will work only with enormous capital investments beyond the ability of the Thai to bring forth. One such approach is resettlement of the hill people into the valleys, an effort inspired at least in part by the same idea as the Vietnamese strategic hamlets, of cutting contact between rebels and peaceful citizens. But the investment in roads, landclearing and physical plant is too high, and the tribal people do not like to move in anyway, the result of forced resettlement often being increased hostility and more armed opposition to the Bangkok authorities. For some reason also, the pilot resettlement projects have been plagued by corruption and mismanagement by the Thai officials in charge. Military campaigns have equally failed, sometimes catastrophically, and the result has, again, been increased hostility. What has finally been realized in most quarters is that there remains only the alternative of finding a new technology to permit the hill peoples to remain in the hills, grow something beside opium, and gain a sufficient income so that (the proponents hope) they will no longer support armed rebellion. In this latter regard they may be naive, however, as there are tough political issues at stake as well, issues which have been resolved, sad to say, only by violence in such countries as Burma and southern Vietnam.

The first stop on our trip was with an old friend, Gary Oughton, an Australian with a number of years of experience in the North and now associated with the Tribal Research Center, a research and consulting arm of the Public Welfare Department located on the campus of Chiangmai University. Gary started by refreshing our memories on the history of governmental interest in the hill tribes. He recalled that in the mid-60's the U.S. Department of Defense acquired a concern for the subject and, discovering that there was only one Thai with any expertise in the area, they called in a number of foreign anthropologists. After a couple of years of study the anthropologists learned that there is nothing ethnic or cultural about swidden agriculture, frequent shifts across upland political borders, and the raising of opium. The "problem" was simply one of being hill farmers. Knowing this, officials have now called on the services of agronomists and agricultural economists.

Gary's current project, which starts from this insight, is the "Mae Sa Integrated Watershed and Land Use Project," run by the Royal Forestry Department in cooperation with UNDP/FAO. The funding for the project is "watershed" money, not "drug" money, and this has important consequences both for bureaucratic outlook and for the shape of the program.

The guiding perception of this project is that there are three problems in the hills: first, the technology of shifting agriculture can't support the population, a problem for both Thai and hilltribes (the point is, once the Thai move up into the hills, they usually use the same technology); second, the watershed is being damaged by shifting cultivation, which will bring on increasingly serious flooding problems in the valleys as the years pass; third, the deforestation is proceeding at such a rate that many species will be unavailable in commercial quantities in 20 or 30 years.

The "solution" which this project proposes is to take a watershed from ridgetop to ridgetop as one socioecological unit, surveying all its resources. The best land is then allocated to intensive agriculture, i.e. terraced paddy cultivation and orchards. The rest becomes commercial forests, with the settlers having the responsibility for fire prevention and keeping outsiders from destroying the newly planted forests to go back to opium culture. The advantage of this approach, in Gary's view, is that it does not simply replace opium with some other crop equally damaging to the forest. Its shortcoming, of course, is that it requires an enormous capital investment if it is to be expanded to any kind of scale, for terracing the land, for credit to buy fertilizer, for orchard and other trees, for tools and animal power. It is not done now because all the pieces -- technology, capital and markets -- have to fall into place at once, and none really exists. For this reason swidden agriculture is well adapted: most all the returns are to human labor, which exists in abundance in the hills; it requires few or no animals and no fertilizer; and marketing is hardly a problem: merchants beat down the doors of the opium growers. Gary emphasizes therefore the integrated nature of any potentially successful program: it will not be economically viable to construct roads to bring out agricultural crops alone. The project will pay only if there is the added incentive in the form of forest products.

There is one further difficulty which worries the Thai associated with the project. If successful it would make the North so attractive that even more tribesmen would move in, possibly just to cut down the new forests to grow opium. To minimize this danger means giving the settled tribesmen enough of a stake in their areas, as noted above, to keep out potential newcomers, or to incorporate them into the new cultural methods. Yet that necessitates a new political and legal relationship between the hilltribes and the Thai, raising a host of problems no one wants to think about, especially with the troubles the Thai are currently having setting up a new constitutional order among themselves.

This suggests that since there are hilltribes settled in the mountains all across from Vietnam to Burma, the problem is a regional one and should be handled on that basis. Gary wants to think that his effort could serve as a model at least for the neighboring countries of Laos and Burma, but he is the first to admit that with conditions unsettled as they are in these countries, imitation is unlikely for the foreseeable future.

Our next stop was with Bill Manis of the USDA Agricultural Research Service, which shares an office with the UN Crop Substitution Project in a modern, but Thai-style, office on the outskirts of the city of Chiangmai. The UN project is headed by Prince Bhisadej, a confidant of the king, who as I have mentioned earlier has had a long and serious interest in the problems of the hills and the hill people. I unfortunately missed both the prince, off in Taiwan while I visited, and the program manager Dick Mann, who before joining the UN effort had spent 13 years in missionary and community development work among the Karens, another large tribal group in the North.

The UN project is funded by "drug" money and goes back several years to the UN-sponsored surveys of the northern hills conducted in 1967, 1970 and 1971.

The USDA got into the act here with an appropriation from Congress in 1972 to finance research into substitute crops for opium. The need for this grew out of a realization that while the UN project was intended as an extension effort, it really had very little to extend in the way of alternate technologies.

Half-humorously, but in order to cover all the demands on a program for the North, I asked Bill, "Is there now a practical and proven agricultural technology to support the existing hill population, which is: non-degrading to the forest, capable of producing an income equal to that received now, with markets and a marketing system, compatible with the capital available, and capable of expansion to accommodate immigration and population growth?" Bill's answer was an emphatic "No, but!" There are, he believes, exciting possibilities.

To get an idea of what the crop substitution program is up against, though, I must tell you a bit about how to grow opium, why it is a good crop, and what is wrong with it for the growers. We can start with the assumption of one family, an average of 5-1/2 people, who with their own labor can cultivate about 2-1/2 acres of poppy fields. The preparation of the fields begins with the burning of the forest cover during the dry season and then waiting until late in the year to prepare the soil, a very labor intensive job. The poppies have to be planted before the end of the rice harvesting season, which is one major disadvantage of poppy culture; it would be better to find a crop which could be strictly alternated with upland rice. The poppy seeds will be planted in September or October and then thinned several times to leave only healthy plants at the proper interval. Weeding is also a laborious chore, but it must be done regularly if the crop is to be a good one. During the growth of the plants a number of diseases may hit, and if the fog or dew is too light, the crop will not be satisfactory, as will be the case if freezing temperatures strike.

After about four months the poppy seed cases will mature, as indicated by the fall of the petals. At this point harvesting begins, and goes on for about two weeks. Harvesting consists of pricking the seed case with a special knife and then collecting, early each morning, the sap which oozes during the night from the seedcase. Actually several crops will be planted at intervals to spread the labor over a longer period and to minimize the risk of one entire crop being wiped out by unfavorable conditions. If all goes well, the 2-1/2 acres will give a yield of about 6 kilograms (one kilogram equals 2.2 pounds), although good crops may even be double this. The price this year for raw opium is about \$100 per kilogram, twice that of a few years ago. This gives a return, in four months, and with no cash input, of \$225 per acre, or \$500 per family per year from opium alone. This is a fantastic financial yield and, sad to say for the crop substituters, a hard act to follow. (This figures out to 2,000 baht per mu in the units most commonly used in Thailand.) Aside from the high return per unit area, higher than any other presently conceivable crop, opium also has high value per unit weight, which means that it can practicably be transported on horseback, or even backpack, out of remote areas inaccessible by road.

From the point of view of the growers, however, the opium poppy is not an ideal crop for several reasons. First, poppy culture conflicts with upland rice cultivation. Second, the labor requirements are excessive. Third, there is some unreliability due to the climatic factors mentioned. Fourth, the tribal peoples themselves suffer to some extent from addiction, and interviews reveal that they would be just as happy to give up the opium business if someone could come up with some-

thing better. Hence there is a lot of receptivity to a shift, and that is what encourages so many people to believe a better future lies ahead for the hill peoples, if the technical, financial and political problems can be worked out.

The USDA, under Bill Manis's direction, has committed almost half a million dollars to contracts with a number of Thai universities to conduct experiments on possible alternate crops for the North. Here are the things they are looking at:

1. Fruit trees. There is a tremendous demand for such fresh fruits as peaches, apples and plums, all of which would be naturals for the North to grow if the proper varieties can be found and if the fruits can be moved out of the hills. Apples now fetch 50¢ apiece in Bangkok; large-fruited peaches are simply unknown. If it develops that the fruits cannot be moved out fresh, they might be canned or processed into jams right in the hills. The king has sponsored one such experimental canning factory in Fang, north of Chiangmai; we got some peach jam from it which was absolutely delicious. Peaches can be grown in the North; some native small-fruited varieties have actually made their way down from China, and the tribal peoples are thus familiar with the tree (though not with modern orchard management methods). A possible "quick fix" which Bill is considering is to import scions of large-fruited varieties and to graft them onto the already mature native stock. This will be practical, of course, only if the backup facilities of marketing and technical advice on fertilization, insect and disease control, and pruning become available. Apples are a more complicated problem, because they are not presently grown at all, and like peaches they demand a cold dormant period. Varieties differ in their requirements, though, and some type can certainly succeed here. Bill has arranged for the import of a number of varieties to be tested.

If fruit trees can be made to work in the North, it would of course solve the problem of deforestation and runoff. Unfortunately capital requirements are high, and the payoff period is long. Furthermore, as far as quick answers to the multiple problems of the North go, orcharding is not too helpful. Except for the peaches, it will be years before it is even known what long-payoff technology will work here.

2. Strawberries. This is another popular item in Thailand, for which there is a tremendous demand, if the berries can be produced before or after the main season in the valleys of the North. (At this time the price drops catastrophically.) There is a good chance this can be done, since the climatic conditions differ between the hills and the valleys. As with apples, peaches and plums, the strawberries could be canned in the hills to reduce losses in transit, increase local employment, and enhance value per unit weight. At this point, however, no one knows what the good varieties are for the higher elevations; this is another series of experiments.

3. Mushrooms. As far as I know the European button mushrooms cannot be grown in Thailand, the local substitute being a special type called a "straw mushroom" which, though difficult to grow, is freely available in the local markets at about one dollar per kilogram. There is a special type of mushroom, however, which as luck would have it can be grown only at higher elevations and with two or three special kinds of wood available in Thailand's upland forests. This is the shiitake (pronounced she-tah-key) mushroom, a Chinese delicacy which sells for between \$20 and \$45 per kilogram.

The production of the shiitake mushroom can best be carried out as a family or local cooperative enterprise, since it requires intensive supervision for watering and harvesting. The growing process involves locating the proper type of tree, then cutting and preparing it into logs several feet long. The special fungus spores, known technically as spawn, are then introduced into holes drilled into

the logs, and the holes are sealed. After two or three months the mushrooms begin to grow on the surface of the logs, and with proper care each log will go on producing for several years.

Shiitake mushrooms are now produced in both Japan and Taiwan, in the latter country curiously by ethnic minorities in the forest, in circumstances quite similar to those existing in Thailand's hills. Tests are now going on under the USDA program to determine whether similar results can be obtained here. A number of logs have been inoculated, and everyone is just waiting to see if the mushrooms sprout. If they do, then some system will have to be set up to produce and distribute the spawn, perhaps the most crucial phase of the operation, as it requires sterile premises to prevent the introduction of enemy fungi.

4. Coffee. It may be possible to grow in the hills a special upland kind of coffee called Arabica, a different species from the lowland coffee, Robusta. It has a better flavor (I've tasted it, and it is better, I can assure you), and it fetches a better price, about one dollar per kilogram in the Chiangmai market. The problem with coffee everywhere is a fungus, called coffee rust, which attacks the plants and reduces yields to an uneconomic level. If the rust problem can be overcome, coffee would be a desirable crop, because the beans are not perishable, and the plants are permanent, a fact which would help to stabilize the population. Coffee culture is also labor intensive, another desirable feature for any potential crop for the hills, and the coffee produced would help to save Thailand the foreign exchange for imports. The very day I was there some possibly rust-resistant plants were going into the ground, so we should know in three to five years (the length of time it takes to produce the beans) whether coffee can be part of the answer for the hills.

5. Legumes. Just about everyone knows there is a soybean shortage in the world, as soybeans are a basic ingredient for animal feeds as well as meat substitutes for direct human consumption. One possible technology for the North is to grow soybeans, or other crops belonging to the same family of legumes. The advantage of legumes is that they are unique in the plant world in being able to produce their own fertilizer, in association with a special kind of bacteria called rhizobia. The rhizobia take nitrogen from the air and put it into the soil in a form the plants can use, soils having completed a crop of legumes actually being richer in nitrogen than before planting! A crop is quick too, from 90 to 120 days, so legumes are ideal in rotation with some other crop, for which they enhance the soil. The difficulty is the low price per unit weight, about 20¢ per kilo for soybeans and 50¢ per kilo for kidney beans, another legume for which there is some demand. One potential solution to this problem is to grow soybeans, feed them to cattle, and then drive the cattle down out of the hills to market just as the Texas cowboys used to do in olden times. Unfortunately this would require a high capital investment, and the hill tribes are not familiar with the technology of cattle raising. (Soybeans are easy -- they've been grown successfully in the hills already.)

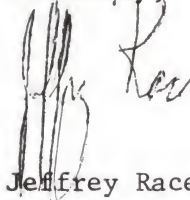
6. Nuts. Like fruit trees, nuts would enhance the forest cover and help stabilize the population. Like fruit trees, also, they require a high capital investment and have a long payoff period. At this point experimentation is just starting on the best varieties and potential yields.

One of the problems in this effort is that there is no central experiment station: every time someone wants to try something, he must find his own place. Under these conditions it will be four or five years before there are any good answers. Some crops have a good price, like the mushrooms, comparable to opium (\$20 - \$45 per kilogram versus \$100), but the technology is not tested. Others, for which

the technology is tested, have a low price, like the beans. There is a third category, like the fruits, where there must probably be an ancillary technological input such as canning factories. So no quick answers lie ahead, though if even half these ideas work out, the future is very bright. This comes as little consolation now to the desperate people in the hills, and to the bureaucrats who rather urgently need some answers for the people who are paying their bills.

All the foregoing is really just half the problem, and perhaps the less important half: there is also the political dimension to the troubles in the hills, and if this cannot be resolved, all the clever technological answers will come to nothing. Thus in my next letter I want to talk about the politics of the hills and about our Laotian trip. The latter was a most rewarding venture, as the differing demographic and legal context on the other side of the border gives a perspective (and an insight into alternatives) which one wouldn't get from staying within Thailand alone.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeffrey Race". The signature is stylized with a large, looped "J" and a cursive "Race".

Jeffrey Race

Received in New York September 23, 1974

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-13

150 Soi 20 Sukhumvit Road
Bangkok 11, Thailand
August 31, 1974

Opium Growers and Rice Growers -- Part Two

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York, New York

Dear Mr. Nolte:

As I suggested at the close of my last letter, technology is only half or less of the answer to the multiple problems of the hills. There must also be a new political relationship between the upland and lowland peoples. This is so for at least three reasons.

First, adoption of any new technology that results in sedentary agriculture implies security of land tenure, but that can only come about if the tribal peoples acquire the rights of citizenship, since noncitizens cannot own land in Thailand. Second, eliciting the cooperation of the hilltribes is going to require better treatment by the Thai than they are generally getting now. While one might argue that a lot of the bad treatment comes from bad attitudes, it is also pretty certain that Thai behavior would change, though maybe not Thai attitudes, if the hilltribes had some political power to wield against the abuses that are committed against them now. (I'll mention some of these below.) Third, opening up the hills is going to require a lot of resources. This raises the question of who is going to commit these resources, and while this might appear to be an economic question, it is really a political one of the most fundamental kind. While there are many foreign agencies with an interest in the hills, there is going to have to be a major commitment from the Thai no matter what, both in money and in governmental support of various kinds. A number of foreigners expressed to me the fear that the local authorities -- Thai in Thailand, Lao in Laos -- may not have sufficient interest to carry through once the foreign component wanes.

And, indeed, why should they? That is the important question. Presumably the Thai political system exists to serve the Thai, and the Lao system the Lao. By the logic of each, it would not serve the interests of a band of foreigners on its fringes. Perhaps altruism? Men have certainly been known to perform magnificent acts of self-sacrifice. Experience tells us, though, that where powerful interests dictate a contrary course, altruistic urges flag. Furthermore, whatever may be the case in the West, here the impulse to do good for one's fellow man regardless of his background or station in life is notably weak -- a fact which has had much to do with putting the hilltribes, until quite recently, under the care of foreign missions of various kinds. Rather, one takes care of one's own. The Thai feel little affinity for the upland peoples (that's being polite), with three exceptions: first, there is some consciousness of common origin with the Shan, a member of the same ethno-linguistic group as the Thai; second, there is a certain chicness in using hill-tribe wearing apparel, and I suppose that rubs off on attitudes somehow; and third, there is of course an important segment of the Thai elites -- starting with the Royal Family -- which has a real commitment to the uplanders.

Jeffrey Race is an Institute Fellow studying how the institutions of the past influence people's behavior toward one another today. His current area of interest is Southeast Asia.

How about fear? Mightn't the resources be committed out of concern over what would happen (revolt, flooding) if they were not? That is also a possibility, and in fact seems to account for a good bit of the Thai participation in hill programs thus far. But there are two problems with the fear motivation: one may not fear soon enough or intelligently enough to do the right thing; and one's solutions hardly take into account the interests of the other fellow. In the Thai case, the likely outcome would be one favoring the Thai, or more precisely, the Thai bureaucracy, at the expense of the hilltribes.

As I have suggested previously, there is no future in a solution which does not evoke the willing cooperation of the hill peoples. This has been widely realized, but execution is a matter of degree. The more cooperation, the better the chances of success, and the less likelihood of backsliding. And the best solution for all, I believe, would be a political structure in which there were some system of accountability such that Thai decision makers would have an incentive to take the interests of the hill peoples into account -- and not just in the sense that they would fear continued uprising if they didn't. This is a rather tall order on behalf of the hill peoples, though, since such an idyllic political structure hardly exists on behalf of the ordinary Thai citizen. Yet even though the most difficult, it would be the most rewarding.

I think I can justify my belief by pointing to the differing experiences of a number of countries in the region. Examination reveals three types: those where the majority group accepted the upland minority with open arms; those where the country was colonized by a European power; and those where neither was true. In the first category I would place the People's Republic of China and the Democratic Republic of Vietnam. In both these countries the minorities enjoy legal rights, are represented in the highest councils of government, and have autonomous or semi-autonomous regions. Developmental programs have proceeded very well in this context, with consideration for the interests of both sides. (It is only reasonable to suppose that there has been some leaning toward the interests of the majority group, Chinese or Vietnamese.)

The second type consists of those countries that were colonized. The colonizers generally protected the uplanders against the claims of the majority lowland culture; they invariably provided higher education to the tribal peoples and often recognized local leaders, local legal systems, and a degree of autonomy. I would include here Laos, Burma, and Vietnam (thus overlapping, in the latter, part of the first category where the post-colonial elites had an integrative, but not assimilative, policy toward the uplanders). Such countries have often had great difficulties in the post-colonial period, since the colonists produced highly educated tribal leaders whose claims on behalf of their own peoples were not accepted by the lowlanders. The result has been revolution: in Burma virtually since the day of independence from the British to the present; and in southern Vietnam in the late 50's and in 1964.

Thailand I would put in a third category, which is like neither of the above and in a sense worse than both. Thailand was never colonized, and so there have been no powerful local protectors to defend the tribal peoples here against the Thai, or to develop educated tribal leaders. Thus the hilltribes enjoy none of the legal rights and privileges which their brothers did in British-occupied Burma or French-occupied Vietnam (the rescinding of which by the Burmans and the Saigon Vietnamese led to the revolts in their respective countries). This does not mean that there

ought to be no "hill tribe problem" in Thailand. It has just meant that the difficulties have arisen later and in somewhat different form. It has made them more difficult to solve too, because there is no precedent of legal rights and privileges to go back to. Thus while the Saigon Vietnamese did not want to restore most of their pre-Independence rights to the Montagnards (as the hill tribes are called in Vietnam), they at least knew this was what had to be done to end the 1964 revolt. Thai officials, however, pursue the phantom of a "technical solution" to the problems of the North. There may well be some officials who are aware of the political demands of the situation, whom I have not met. I can say for certain, though, that of ten Vietnamese officials, all ten would be intensely aware of the political dimension to Montagnard-Vietnamese relations, even though they might not be happy about it. I do not mean here just citizenship, in the sense of a few hill tribe voters sprinkled in among an enormous number of Thai, voting in an election which may not decide anything anyway due to the overarching power of the bureaucracy. Some Thai officials do speak of citizenship, after all. What I mean is real power to act in their own areas as a coherent group. It is the recognition of this dimension which appears absent in Thailand.

Well, I have given you a lot of generalities. Let me move on to some of the specifics that we learned on our venture through the North of Thailand and into Laos. The first person we visited to talk about the politics of the area was the Reverend Rupert Nelson, an agricultural missionary with the Board of International Ministries of the American Baptist Churches/USA. Reverend Nelson lives in the large mission compound behind Prince Royal's College in Chiangmai. He has worked with the Karen and Lahu tribes for the last eleven years in Nan, Chiangrai and Chiangmai provinces. We also talked with the Reverend Paul Lewis, a colleague of Nelson's, who spent many years in Burma before moving to Thailand about a decade ago. I am enclosing one of Lewis's own newsletters describing life in an Akha hill village. I believe you will find this of great interest and very helpful in understanding what day-to-day existence is like for the people I am speaking of.

Both Nelson and Lewis agreed on the importance of citizenship as a significant first step: it is essential to land ownership, and it entitles one to the basic political rights which serve to minimize (but not eliminate, even in the case of low-status Thai) exploitation by corrupt and/or abusive local officials. It is also important for many little things, like getting into secondary school, or even getting a driver's license. Furthermore, without citizenship, you may not get "full service" from law enforcement agencies, one of the commonest complaints of the tribal peoples. To give an example, let me quote from an interview with Thom Nittikorn in Ronin, July 1974. Thom is a Karen, now a lawyer and living in Chiangmai. (More on him shortly.)

RONIN: Did you have any other problems [beside military registration]?

THOM: Yes, after finishing school, someone stole my elephant; it just disappeared. I told the police that it had been lost but it transpired that the thief was a Thai who owned a small lumber company and, as such, was known to the Thai police. The police, therefore, were unwilling to help track down the elephant. In the end I myself checked carefully and searched all over the place; eventually I blocked my elephant in the Chiangmai area and got it back myself. But after that experience, I became very suspicious of the Thai police. Indeed, I still am.

Citizenship is a complicated issue, because in principle it is easy to acquire.

One need only fulfill the requirements, which are: 1. to be born of parents legally resident in Thailand, and 2. to have one's birth registered. In practice, however, these simple requirements are full of troubles for the hill tribes. Most have in fact been born in Thailand, but in a village two or three days' walk from a road. Registration is hence full of difficulties. Perhaps establish some kind of local registrar? But the Thai political system does not extend to the hill tribes . . . A vicious circle, as you see.

There are other peculiarities. If one is not a citizen, one is not called upon to defend the country. That's fair, and the Thai bureaucracy does not call unregistered people (i.e. noncitizens, those without the ID card) to perform military service. But without either a discharge or an exemption certificate for military service, one cannot get a driver's license. On the facing page I am including a newspaper article of a few days ago on this very dilemma.

As far as land goes, the uplanders now have, in effect, usufruct of the hills without legal title. In principle, it would take citizenship (the ID card) to have ownership, but it is not an issue in the hills since no one can own the land: it is all reserved forest. It starts to become an issue when uplanders move down into the valleys to begin farming. Thai farmers frequently make a claim to the land which the uplanders have been operating, and their claim is honored by virtue of their citizenship. Hard feelings naturally ensue. The whole matter is an explosive problem anyway, because of the exhaustion of the land and resulting migrations of both Thai and uplanders. Even without the legal complications, troubles would be occurring because of the population growth.

Rupert Nelson mentioned a couple of cases he is familiar with where the Thai government recognizes Karen village headmen -- though significantly, the Karen are viewed as less "tribal" than some of the other tribes because they follow wet-rice culture in many places. This is about as far as political integration goes. At any higher levels, for example district officer, one must be a civil servant and hence a citizen, and also meet the educational qualifications.

This brings us to perhaps the greatest disadvantage of the hill tribes in Thailand: their lack of education. With education, they could move to take advantage of better technologies. With educated leaders, they could move against the political disabilities which condemn them to backwardness in other respects.

The situation here is in marked contrast to that in Burma, Laos, or Vietnam, where very significant numbers of tribal individuals have a higher education, and can deal with the representatives of the lowland culture on an equal basis. Paul Lewis mentioned that in his area of Burma alone there were eight Lahu doctors and a number of Karen barristers. In southern Vietnam there are also highly educated Montagnards; a Montagnard is Minister of Montagnard Affairs; there are Montagnards in the National Assembly and also serving as district and province chiefs.

In Thailand, by contrast, there are practically no people of tribal origin with higher education. The actual numbers have never been compiled (this says something about interest in the subject), but I can give you some impressionistic data:

1. Among the Meo; during interviewing in 1970 I met the person with the highest education from this tribe -- the fifth grade.
2. Among the Karen; there is one college graduate (probably the only one in the whole country from all the tribes); that is Thom, mentioned above, who received a law degree from Thammasat University.

A DRIVING BUSINESS FINANCED BY POPPIES

Veera Prateepchaikul meets the Meo with two cars but no driving licence



FOR the ordinary man to own two cars or more is quite normal in Bangkok, but a 29-year-old Meo tribesman possessing two brand-new Japanese pick-ups for his mini-bus service in Chiang Mai is something different.

We saw him, Mr Sua sae Praw, a native of Ban Mae Sawa, Tambon Mae Nachorn, Mae Cham District, clad in his typical black hill-

tribe costume and with a hat picking up passengers in one of his new pick-ups in Chiang Mai, last week.

After a brief chat, we got acquainted with one another. Sua has a wife and eight children to take care of. He said he had just bought the two pick-up trucks for about 180,000 baht.

"Where did you get the money from?" we asked in astonishment.

"Well, from selling opium," Sua said innocently, adding that he usually went back to his village to plant poppies when the planting season came around.

His customers were usually Chinese Haws who came to pick up the opium at his village where they haggled over a good deal.

"Don't you know that it is illegal?" we asked. The Meo tribes-

man said he knew about it "but our villagers in Ban Mae Nachorn know nothing about growing other crops, only poppy cultivation and because the way to the village is very rugged, the authorities never set foot in there."

Sua said he is worried because the police in Chiang Mai won't grant him a driving licence, though he has the cars and is 100 per

cent Thai. "The police simply say I have no military registration card and, therefore, I can't have a licence.

However, Sua said he still had hopes of obtaining one from Nan Province because the military registration rule did not apply there.

The Meo tribesman said he hoped one day to stop planting poppies entirely and make his living from driving.

Nelson thinks that altogether there may be 25 or 35 graduates of Teacher's Training Colleges of tribal origin. (This is a level above high school but below college.) Significantly, almost all of the education of the tribal peoples has come about through missionary support. It is very encouraging, though, that this is changing, since within the last several years there has been a major expansion of opportunity for tribal students, both at the elementary level and above. This has come about partly through financial support for tribal students from the Thai government, and partly through exemptions from entrance examinations for tribal students at certain institutions. Thus there is now some prospect that within another decade or so, Thailand may have as many educated hilltribesmen as Vietnam did in, say, 1940. This is certainly good for the hilltribes, but everyone should realize that it is going to mean more open conflict, as the newly educated tribesmen begin to make demands on the Thai on behalf of their own people.

Some Laotian Perspectives

We flew from Chiangmai to Vientiane aboard an ancient Royal Air Lao DC-3. The plane gives some sense of how far out one is on the fringes of "civilization": at Chiangmai Airport the door wouldn't close, and the attendants were still trying to shut it as we taxied down the runway; and once successfully airborne, we encountered a thunderstorm, during which the roof of the craft leaked on the passengers.

In Vientiane we were met by our good friends the Myers, whom we have known since the Vietnam days of 1968 when Bob, an American Foreign Service Officer, was advisor to the Minister of Montagnard Affairs in Saigon. Through subsequent assignments in Washington and now Laos Bob has kept in touch with uplander/lowlander relations in the region. His remarkable wife Margery, who acquired an MD degree while bearing three children, does volunteer work in a local hospital. Through their assistance we were able to see a lot of people in a short time. We learned a considerable amount about how the situation differs just across the Mekong — demographically, politically, and in attitudes and perceptions of what is important.

We might start with the fact that, as a consequence of the French presence, the uplanders are unequivocally citizens; they form also a much larger proportion of the population of Laos than of Thailand -- perhaps one-third or even one-half (there has never been a census, so no one knows). At the same time, there is also a much lower population density in the hills and, indeed, in the country as a whole, compared to Thailand.

There are some obvious examples of the higher political standing of the hill tribes in Laos. While in Thailand it would be unusual for a tribesman to be even a private in the military (and in practice impossible to be an officer), in Laos there is a Meo three-star general -- Vang Pao, famous for leading the CIA's "secret army" against the Pathet Lao and North Vietnamese. Touby Lyfong, formerly known as the "king of the Meo," is the deputy minister of the Post and Telegraph, while another civil servant of tribal origin is chef de cabinet of the Interior Ministry. A Meo, Yang Dao, has recently returned from France with a PhD in agricultural economics; he serves with the Commissariat of Plan and is a member of the Joint Political Consultative Council, a high-level organ set up to carry out the coalition agreement.

While comparative statistics between Laos and Thailand are impossible to get in this regard, we can still draw some general conclusions. The people I spoke to could number among their acquaintances several PhD's of tribal origin (like Yang Dao) and many MA's. One person guessed that there may be altogether 50 or so col-

lege graduates among the hill tribes in Laos, mostly educated in France, but some in the USA, Australia, and Thailand. The head of the Human Resources office of USAID was good enough to check his list of Lao sent abroad by AID for education (mostly in Thailand); of the 150-odd people on the list, 33 were recognizable by their names as Meo. Most of these were for technical training of some kind below the college level. Even so, this rough comparison gives some idea of the startling difference in educational opportunity for tribesmen as between Laos and Thailand. The difference is all the more astonishing in view of the general backwardness of Laos in comparison to Thailand, on just about every scale including education (even for ethnic Lao).

The result of citizenship and higher educational achievement is that there are tribesmen at all levels of the Lao government, who are in a position to urge the interests of their kinsmen on the ethnic Lao, and who have the technical ability to design programs intelligently and, perhaps, to carry them out. I don't want to overstate the case: skilled people of any background or training are extremely limited in number in Laos. But, in comparison with Thailand, Laos is overflowing with highly educated citizens of tribal origin. So, to the extent that problems exist in the hills, Laos is in a better position to tackle them.

I would like to carry this point further, to mention an area on which I have only the most fragmentary information. One of the people I spoke to was familiar with the situation of the Meo in Xieng Khouang Province adjacent to the DRV. Here, he said, the local administration (which is under the effective sovereignty of North Vietnam) is almost entirely in the hands of the Meo. I know from other sources that tribal peoples are represented effectively at the top levels too, a policy of the Vietnamese communists going back to the early 1940's, when it was urgently necessary to ensure that the uplanders supported the war of independence against the French. The Vietnamese have even set up functioning cooperatives among the uplanders, which illustrates, I believe, what can be accomplished if the lowland elites are willing to follow a determined and conscious policy of setting up a political infrastructure among the uplanders.

Curiously, although Laos may be in a better position to tackle problems in the hills than Thailand, the perception of the problems just isn't there. This is so partly for reasons of the war and partly for technical reasons of lower population density in the hills. At present the hill tribes in Laos are not pressing on the capacity of the land to produce enough to eat with the existing swidden technology, as are their brothers in Thailand. Closer to Vientiane there are some difficulties in areas which are crammed with tribal refugees, but this will resolve itself if they can move back to their home areas in the wake of the settlement between the warring factions. There is similarly not much worry about flooding in the valleys due to denudation of the forest.

There is one major area of concern, and that is opium culture, but the concern lies largely among foreigners. Many Lao generals and their friends have made millions of dollars from the opium trade, and some, like General Ouan Rathikone, have been quite open about their participation. There is some research going on in Laos into alternatives to opium culture, much along the lines of the studies across the Mekong in Thailand. For example, experimentation is being carried forward on mushrooms, orchard crops (fruits and nuts), coffee, legumes, and cattle. It is interesting to recall that in the days of the French, Laos was cattle country -- herds of thousands roamed the Bolovens Plateau, and were driven over the mountains to be sold in the markets of Hanoi and Saigon.

I also ran across a couple of things which were not being studied in Thailand:

1. Chinese medicinal plants: ginseng (up to \$20 per root -- used as an aphrodisiac); san-si and kek-huai, both general conditioners;
2. essential oil plants, like lemon grass; the problem is lack of processing facilities;
3. silkworm farming: labor intensive, it seems to work well on a pilot scale; one problem is the Meo don't like worms, but another tribe, the Black Thai, have no objection to handling them (see my letter JEF-3 on silkworm culture in Thailand);
4. stick-lac: an insect which grows on pigeon pea trees, it is scraped off and sold to be processed into lac and then lacquer; the pigeon peas can be made into animal feed, in desperately short supply in Laos.

Though some of these look quite promising, the concern was expressed to me a number of times that once the foreign presence diminishes, which is bound to happen very soon, the Lao will not be able to pick up the burden: the Lao Extension Service is inadequate to support even existing programs. An example is cattle-raising, which under the French used to be a big operation. It is beyond the technical ability of the hill tribes, though; if new breeds of stock were introduced, they would just die from lack of care, as has happened with imported swine. So the introduction of a new technology would be for nothing without increased Lao concern, but generally speaking, the Lao feel even less concern than the Thai (whose commitment is doubted in some quarters) and the Thai really are threatened by what is going on in their hills. So we come to the ironical conclusion that although the Lao are better prepared politically to solve problems in the hills, they don't see the problems as very pressing; while the Thai, who really do have serious problems which are acutely felt by some, are poorly equipped institutionally to deal with them. Still, the lessons are there to be drawn for any willing to look. I feel that creative statesmanship could go a long way in Thailand to remove the institutional handicaps, and get Thailand off the dead end road of the "technical solution" to the problems of the North.

Unfortunately our trip was too brief for me to have a chance to visit any locations up in the hills, but I'm including photographs borrowed from a report titled "Progress Report on the USAID/Laos Royal Lao Government Project for Opium Poppy Crop Substitution in Houa Khong Province." I hope you will find them and the comments interesting.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Jeffrey Race', written over a circular stamp or mark.

Jeffrey Race



Aerial view of Crop Introduction Center showing intercropping of field crops and long-term tree crops

The report explains:

"The 'Crop Introduction Center' is located at Ban Phou Pha Daeng, a White Meo village at an elevation of 3,000 feet. The center provides facilities and land for test plantings of new crops. The center and its operation are intentionally simple and unsophisticated. This is in keeping with available resources, transportation and manpower. . . . The work of the center can best be described as verification/propagation-test plantings of crops to verify adaptability and eventual propagation and distribution of suitable planting material to hilltribe villages. Laborers are recruited from different tribes and learn on an 'apprentice basis.' More formal training will be initiated later. For most crops/ideas, work is just beginning."

Among the things they are testing:

Avocado, cardamom, Chinese chestnut, coffee, cumquat, custard apple, durian, fig, grape, grapefruit, guava, jackfruit, jujube, lemon, lime, litchee, longan, mandarin, mango, mangosteen, pear, peach, pomelo, rambutan, roseapple, sapodilla, sweet orange, tangerine and tea.



The above photo shows a woman from the Yao tribe with two buffalo provided in support of a resettlement village called Nakong. These Yao tribespeople originally grew opium but showed an interest in rice cultivation. They were hence moved to a lowland site of approximately 450 acres where they could carry on wet-rice cultivation.

I discussed, in connection with the Thai plans for the hills, the difficulties with resettlement projects, one such difficulty being the costs. I was not able to get figures on costs in Thailand, but this report is good enough to include figures. Costs, for land clearing and preparation, water system and school construction, and various kinds of support, come to about \$50,000 exclusive of salaries and transportation. Since it had a population of 570 at the time of the move, I estimate costs to be \$100 per person for this village. This at least gives an order of magnitude for the costs of this approach.

TRIBAL ECONOMIC DEVELOPMENT

PROGRESS REPORT 3

by Paul Lewis

15 March 1974

For you to understand the present economic orientation of the typical Akha living in northern Thailand, imagine that you were an Akha for one full day. This may be difficult for you to do, but it will be one of the most effective ways to get a meaningful understanding of their current economic life.

If you were a typical Akha, you would get up before day-break. There is so much to do just to maintain sufficient food, clothing and shelter that you must get an early start. You would not own a watch, of course, and probably could not tell time if you did, since you would never have had a chance to attend school. Crowing roosters are an effective alarm clock, however.

Making your bed would not take long. You would have slept on a crude mat beaten from the bark of a jungle tree. A thin blanket to ward off the chill of the mountain nights would have been your only cover. Just roll these up and leave them on the bamboo floor near the wall. Your bedroom is then transformed into your livingroom.

You would not have to change clothes when you get up, since the homespun clothes that you wear daily you also sleep in. If you are an Akha woman, the intricate, and very attractive headress with silver, feather, and fur ornaments that you wear all day, you would continue to wear at night.

The Akha house you live in is simply constructed of bamboo walls and floors, with a thatch grass roof. The few wooden posts and beams would have been hacked by hand out of the dwindling number of trees surrounding the village. There would not be a nail used in constructing your house.

Your house plan is simple: the men's side, with both a covered and uncovered porch outside of it, forms one-half of the house. The women's side, without the uncovered porch, makes up the other half of the house. On the women's side, very close to the dividing wall and near the "mother house-post," the precious ancestor altar is kept, along with its ritual paraphernalia.

You rise in the dark, and using small splinters of pitchpine you get fires started in the two main fireplaces. The fireplace on the women's side of the house is where the rice is cooked, while curry is cooked on the one in the men's side. The fires will give a bit of light in both rooms, and take some of the chill off the mountain air.

If you happen to be a young Akha girl, you will be roused out of bed early to pound rice for the day. You repeatedly step on one end of the rice pounder, and then release it so that the other end crashes down into the unhusked rice. This gradually knocks off the husks from the kernels of rice. You next winnow it, after which it can be soaked and cooked.

Young children will be sent to bring in firewood. Others will take bamboo and gourd water containers to the spring in which they carry back water for the household needs. Everyone learns not to waste a drop of this precious commodity which has been carried up a steep and often slippery trail.

When the morning meal is ready, a small rataan table is set up, and the family members squat around it to eat. Rice is the main food at every meal. It is slightly reddish in color, and has a delicious taste. The rice is put in several wicker rice baskets, and placed on the floor around the table. The curries, salt and chili are put on the table. Each person wads up a fistful of rice, and while eating from it with one hand, uses the other hand to bring chili and whatever curry there is to his mouth with chopsticks.

If it is a work day, and not a day of "ceremonial abstinence," you and most of the family will prepare to go out to the mountain fields after the morning rice meal. Usually the head of the household will tell you what to do that day - although he will not go along.

As the family members trudge out over steep, winding paths, the women and girls spin thread from rolls of cotton which they prepared the night before. Boys have their slingshots ready to shoot at birds and squirrels in the jungle. If there are older boys or young men in the group, they may have a crossbow, or even a flintlock gun for larger game. Hunting is the Akha's favorite diversion, and they are very good at it.

Since rice is the "staff of life" to Akhas, most of their working time is spent in the mountain rice fields. The actual work of cutting down the trees where the field is to be made is done by the men, usually in January and February. Then in late March or early April, when the leaves are very dry, the fields are burned off, which spreads a layer of fertile ash on the mountain side.

Apart from the physical exertion involved in your rice field is the constant concern: will there be a bad omen which will mean that we must abandon our field? No Akha would

dream of continuing to work a rice field in which he saw a slow loris or a barking deer. Such "bad omens" would be sent, they feel, as a warning from the ancestors not to make fields there, so whatever had been done would be abandoned.

About the time the monsoon rains begin to break in May, the whole household will be involved in planting, and later weeding, the precious rice crop. Some corn will have been planted before the rice, and other crops may be planted later. Your very survival, however, is dependent upon the rice crop, so most of the labor and ritual are concerned with the rice. When the rice harvest is brought in, everyone pitches in with a supreme effort. The special ceremony which follows the last load of rice being brought in from the field is a joyous occasion for each household - especially if they know there will be enough rice to eat for the coming year!

If there is an opium addict in the household in which you live during your day as an Akha (and the chances are there will be at least one), you will probably find that he will not go out to the field to work. The addict will stay at home near his pallet and opium lamp. He will do odd jobs around the house, and will help feed the chickens and pigs (if you are lucky enough to have any at your house - not all Akhas are so lucky).

Akhas who are sick will often go to the field in spite of their illness, since there is always so much work to be done. Those who are too sick to get up remain in their home, and are usually treated with various Akha medicines. However, if the sickness is attributed to the fact that their soul has left their body, a special ceremony will be arranged to have the soul called back. Of some vicious spirit, or perhaps a weretiger has entered the body, then these will be driven out by various types of incantations and magical means.

A favorite medicine is opium, especially for the many who suffer from tuberculosis. It both suppresses the cough, and makes the patient feel better. Many Akha become addicted to opium from starting to use it as a medicine or pain killer.

At noon, those working in the field will find a shady spot in which to eat their lunch, or will go to their field hut if they are working near it. Lunch consists of some rice left over from the morning meal, wrapped in a banana leaf, and carried to the field. There may be only salt and chili pepper to eat with it, or perhaps you can find some type of green in the jungle to boil up as a curry. During the noon break, the women and girls may find a few minutes in which they can do some sewing on their elaborate outfits.

Following lunch, work is resumed in the fields on the steep mountains, literally eeking out a living from land which

never should have been stripped of its jungle cover. The young people will half shout, half sing in an Akha style of yodel. Some of these songs are courting songs, some just for fun. All have a haunting beauty.

In the evening, worn out from hoeing and weeding, you return to your village carrying firewood or something else with you. No trip can be wasted by going back empty-handed. Back in your village, which will average 18 households, you will head for your home. If you left an opium addict there to "guard the place," you will instinctively look around to see what household items might be missing - since the constant temptation for the addict is to exchange anything of value he can get his hands on for opium.

The evening meal is prepared and eaten in much the same way as the morning meal. Following the meal, the rataan table is removed, and the household dogs are allowed to come in and gobble down what spilled on the floor - the Akha version of the cordless sweeper. The women of the household will sweep the floor, which is not too difficult since there are some fairly wide cracks in the split bamboo floor which allows any food particles left to drop through to the hungry chickens waiting below.

After the evening meal, the men usually gather in some elder's house, or go to the house of the headman. Matters of political and economic interest will be discussed well into the night. Perhaps a villager has just learned that seven of his buffaloes have been stolen that day, or perhaps there has been an Akha murdered in a nearby village. Problems related to government restrictions on the felling of trees (which blocks the only economy they know) are discussed heatedly. Frustrations over not knowing Thai, the official /ing language of the country, will be expressed in various ways. If there is a government school in the village, the chances are that the teacher will teach only two or three days each month. This and similar irritations will be discussed.

If the next day is to be one of religious ceremony, the men may gather that night in the house of the "religious headman" (dzoe, ma). He, as the "father of the village," has awesome ritual responsibilities, and is considered the most important man of the village. If the rice crop is threatened by insect or disease, he will lead in rituals which (hopefully) will save their crop.

While the elders discuss these weighty matters, the unmarried young people of the village gather up near the spirit gate and village swing, where they have a "courting area." Perhaps some young men from another village are visiting tonight, looking for brides. Each group will sing and dance

alternately. From time to time a young man may persuade a young lady to accompany him into the jungle, where the courting process will continue more privately.

If you are an Akha woman, nights will find you doing various jobs about the house. As you work friends may drop in to discuss the day's happenings. The conversation often turns to one's children. If you are a typical Akha woman, you may have had as many as eight to twelve pregnancies - although there will probably not be more than four to eight living children now.

If you wonder when there is time to do some washing, you must remember that this is a luxury seldom enjoyed by Akhas. From time to time you may have a chance to bathe in the communal bathing area, usually located in a small stream below the village.

Between about 10 PM and midnight, the Akha village will gradually settle down. The pigs will be grunting from time to time in their pens under the house - where they are kept so that wild animals cannot get to them. The shouts, laughter and crying of children tends to die away as tiredness finally drives them one by one to their sleeping mat. Opium addicts are having their final pipe before going to sleep. As village sounds diminish, the sounds of the surrounding jungle can be heard more clearly. In some seasons cicadas will lull you to sleep with their vibrating, almost metallic sound. During the dry season you may hear the crackling of distant jungle fires.

Perhaps there is an old granny shaman half-sing,^{ing} half-chanting in a nearby house. There is a very sick person in that home, and the granny shaman, through means of this chant, is making her way from the village into the mythical world of the spirits. She is trying to find which spirit holds the soul of the sick person. She will use various ploys to regain that soul and bring it back to the body of the sick person, so that health will be restored. This may go on until nearly sunrise.

Throughout the village, fires are gradually allowed to die out. You, with each member of the family, roll out your sleeping mat, unfold your thin blanket, and settle down for another night's rest. Apart from the sheer exhaustion you experience from your work, your energy is sapped by hook worm which you and almost all other Akhas have. Besides that, you live in constant fear of vicious spirits lurking about the village, although you have confidence that your ancestors will help you if you call on them for aid.

There are certain things you will not have to worry about the day you are an Akha, however, such as: telephone calls (no phones), getting your children ready for school (no school), buying gasoline (no car), or cleaning your bathroom (one cannot clean the whole jungle very well!)

This gives you a very rough idea of what some half million Akhas living in the People's Republic of China, Burma, Thailand, Laos and North Vietnam spend their "typical" day. In spite of some rather dramatic changes (especially in the People's Republic of China), the basic economic condition of Akhas is bleak. The main reasons for this seem to be: lack of education, overpopulation, poor health, and opium addiction.

Paul Lewis
Box 29
Chiang Mai, Thailand

Received in New York October 11, 1974

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-14

150 Soi 20 Sukhumvit Road
Bangkok 11, Thailand
September 30, 1974

Conversations with Economists

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York, New York

Dear Mr. Nolte:

Though I want to tell you this month about my talks with economists in Thailand, a good introduction may in fact be my impressions on my recent trip to Indonesia. Getting out of Thailand helped me see some things more clearly than when I was in Thailand.

The purpose of my visit was to attend the Sixth Congress of the International Association of Historians of Asia. Many of the papers were excellent, and it turned out also, as I had hoped, to be a good opportunity to meet kindred spirits in the region -- not just historians, but also political scientists, sociologists, economists, and linguists. I was impressed by the extent to which the Indonesian revolution hovered over the week's events. We were welcomed by the vice president of Indonesia, who is also the Sultan of Jogjakarta, the city where resistance to the Dutch originated. The conference itself was held in Jogjakarta, or Jogja as it is usually called; the city has much the same meaning for Indonesians as Lexington and Concord do for Americans. Dr. Hatta attended some of our meetings; he was one of the founders of the independence movement back in the 20's, a close associate of Sukarno, and vice president up until about 1962. A considerable number of Dutchmen attended, and for them it was impossible not to have some emotional response to their visit to Indonesia. There was even one scholar who had given up his Dutch nationality in the 50's and who now teaches in Jakarta; he presented a brilliant paper on the role even now of the Hindu epics in the everyday political life of Indonesia.

At the same time, a number of people from the U.S. apparently couldn't attend, because of some of the things they had written about the events of 1965. Along the same line, we were treated at the opening ceremony to a lecture by a government official warning us, in the words of the newspaper report, "to respect local customs and traditions and pay attention to priorities in the development of the nation." (My recollection is that the message was a bit less euphemistic than that.) This attitude seems to me to reflect a feeling of insecurity by the regime vis-a-vis knowledgeable foreigners more than a desire to use them in national development or for any other purpose. Such a feeling of insecurity seemed reflected too in the relationship of the government to its own people. Conversations with both Indonesians and foreigners suggested that many citizens genuinely fear their government -- that it has the potential for doing something nasty if it decides to. We had some walking evidence of this through the attendance of Soedjatmoko, an internationally respected intellectual and former Ambassador to the United States. Many people report that he cannot leave the country and that he is under close and continuous scrutiny by the police for -- well, it's not sure what. All this is in contrast to the generally relaxed attitude toward both foreigners and domestic political figures in Thailand, an attitude going back even to the "bad old days" of the mili-

Jeffrey Race is an Institute Fellow studying how the institutions of the past influence people's behavior toward one another today. His current area of interest is Southeast Asia.

tary dictatorship.

The Indonesians I met, from Java, Ambon, Sumatra, and Bali, were delightful people, amazingly so considering the difficult situation of their country, especially the islands of Java and Bali. Both are packed with people -- you just can't go anywhere to be alone. That these two islands are crowded comes as no news to anyone -- but it is still an experience to be felt, especially for a visitor from Thailand. Both islands are also frightfully expensive, and not just for visitors who stay in Western-style hotels. I did a little checking and found that the rice price is higher in Indonesia than in Thailand, again hardly surprising since Indonesia imports from Bangkok, and the Thai domestic price is artificially depressed by an export tax. From what I can determine the urban wage is on the average lower in Java than in Thailand, too.

It might be a good thing for more Thai "opinion leaders" to visit Indonesia: they would realize how fortunate Thailand is by comparison -- for now -- both in the openness which exists in Thailand in attitudes and in the demographic situation. I suspect the two are in fact related. The point is, Thailand has time to avoid the fate of the Javanese and the Balinese. Will it be used wisely? It is clear from reading the newspapers and talking to friends that Bangkok Thai are concerned about many issues, and rightly so. But we are entitled to ask: do these concerns reflect a proper appreciation of the long-range seriousness of the issues that trouble them now? Perhaps we must wait until after a new government is installed early next year to know what the real priorities will be. At that time we will certainly be right to pose the question again, and perhaps to press some conclusions of our own on the people who have not yet visited Java.

Let me finish with a parable. My hobby is electronics; wherever I go, I'm always looking at the technical characteristics of power grids, telephone systems, radio links. I'm also quite a walker. While I was waiting for a visa to come through I spent a Saturday and Sunday walking over a good bit of Jakarta looking mostly at other things, but at these too. I passed through Merdeka Square, an enormous array of parks and malls, circles and squares in the center of the city, commemorating the independence of Indonesia. Parts were actually laid out by the Dutch, with, I noticed, an underground electrical distribution system for the decorative street lights. The cables are heavy gauge copper, insulated with jute and gutta percha, and wrapped with steel tapes for physical protection. They come up out of the ground into heavy cast-iron terminal boxes which contain the fuses and make the connections to the lights atop the poles. The system was obviously designed to last a century against tropical storms, rodents, and careless people.

However someone has removed all the old cast-iron light fixtures, inserted a short section of pipe on top of the poles, and screwed on modern aluminum Japanese fixtures. The result is rather incongruous. At the same time this modernizer has also chopped off all the old cast-iron terminals intended to protect the system against the rains and against curious children poking their hands where they shouldn't. Now the cables come out of the ground and are spliced, haphazardly, to a new set of wires going up the poles. Most of the splices aren't even covered with friction tape: the bare wires lie exposed on the ground all over Merdeka Square. Of course, all the fuses have been jumped too.

From a distance, then, the square is both modern and brightly lit. A closer look reveals, though, that it is unreliable and potentially lethal. Could this tell us something about modernization in Indonesia? I really don't know, but I plan to go back and find out.

With this picture in mind of what the future can look like, let me go on to tell you what I discovered from talking to economists in Thailand. I have my own ideas as to what's going on here and where we are heading, but I don't count for much here. I thought it would be useful instead to talk to some of the people at the center of the action, to find out what their perceptions are of the problems Thailand faces, and where they think the country is heading.

I developed a little checklist focusing on the means and ends of development in Thailand, but the interviews were quite freely structured around the interests of each interviewee. In general I asked such questions as: What do you and your colleagues see as the "hot issues" in Thai development today? What are the goals? What are the means? What are the constraints? What kind of place is Thailand going to be a few decades from now?

This was not a "multiple choice - forced response" format. It is reasonable to ask, then, what I hoped to achieve with this approach, loose and associative as it was. Two things, both quite simple. First, I wanted to learn something more about how the economic system is working here, and in whose interests. Second, I wanted to learn of perceptions at the center. I found in previous interviews in this part of the world that 90% of a problem's solution lies in the constraints that prevent important people from seeing ways out (or worse, from even seeing the problem at all). The people I spoke to are all important figures; their views count, and they talk to the really top people themselves, or they tell those next to the top what to tell their bosses to think, read or sign. Thus I believe it's fair to say that if they declared something was being considered, it probably was; conversely, if no one mentioned certain things, these probably just aren't on anyone's desk.

Who were these people? Several asked me not to use their names, at least for certain parts of their interviews. To simplify matters, I have decided not to use any names at all. The people altogether were six, in the following positions:

- * an economist with the World Bank regional office;
- * an economist with the United States Agency for International Development;
- * an agricultural economist with the UN Development Program;
- * a member of a Thai university economics faculty, also economic advisor to the prime minister and member of the National Assembly;
- * an economist at the National Economic and Social Development Board;
- * an economist employed by one of the country's major banks, also a member of the National Assembly.

Of the six, two were Thai, two were American, and two were Europeans of undisclosed nationality. I had hoped to interview more people, but between transfers, broken phones, and busy schedules, this is what I got. Not a bad collection, though, and the results were rather interesting.

My first question focused on what people perceive as the important issues in development, what deserves attention, what is on the agenda for action. I made it clear that I was asking for the views not just of the person being interviewed but also of his circle of professional colleagues. (I usually phrased the question as, "What do you and your colleagues talk of as the important issues?" etc.) I also asked them to rank their perceptions of importance of issues as action items. Let me list their replies briefly, and then amplify a few points. I realize that such a

schematic presentation can't do justice to the insights of my interviewees, but I'm not shooting for details (at least not now). Instead I want to present the broad picture.

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1.inflation	1.# increase agric.output & ec. devel.	1.rural soc. 1.strikes,soc. disruption,	1.inflation	1.* ec. stability	
		crime			2.modernize nat'l infrastructure (both physical and instit.)
2.unemploy't	2.pop.control	2.law&order, crises	2.income dis- tribution	2.land reform	
					3.modernize agriculture
3.income dis- tribution		3.implant democracy	3.develop democracy	3.unemploy't	4.pop. control
4.modernize agriculture		4.reform bureaucracy		4.housing	
5.educational system				5.reform local gov't	5.regional econ. imbalance
					6.income dis- tribution

B mentions that until two years or so ago, promotion of industry for export would have been first

* F mentions that the primary goal (presumably some kind of constraint on the rest) is to increase the income of ranking members of the government

Let me amplify this chart by recounting a few remarks of the interviewees on specific points. While economist A listed inflation first, he emphasized that this was a very city-oriented concern. The inflation in Thailand actually began some time before the oil crisis, in response to rising world grain prices. Since rising rice prices help the farmers, this concern is thus not to aid the population in general (since the farmers are a majority, they benefit by the inflation) but to keep the lid on in the cities. He also mentions that while the professed concern for income distribution has become more acute in the last four or five years, it is still not serious. The evidence is clear that past policies have protected the urban population, especially Bangkokians. There are no specific goals in the new economic plan to alter income distribution, other than to "shrink the gap." Both C and D emphasize the vagueness of government thinking about national goals, while D goes on to echo A's point about income distribution: lots of officials talk about "social justice" but no one he has met in his circles is willing to push the specific measures which would help to bring this goal about, e.g. reform of the tax system (studies show the Thai tax system is quite regressive), adoption of an inheritance tax and capital gains tax on land transactions, and a serious shift in budgetary allocations. E suggests that the only solution to the unemployment problem is a new strategy for rural development, since his studies show that those coming on the labor market in the next decade will be largely unable to find work in the industrial sector. As for inflation, he says a lot of people talk about it, but the issue is never posed in the brutal but realistic terms of: who will pay? City dweller or country dweller, rich, middle class or poor? His fifth priority, reform of local government, means for him province, or "possibly lower" (a point we will return to later).

Economist F, I should note, never even would have included income distribution on his list of "concerns" if I had not asked him where he thought this fit in government priorities. He suggests that among major bureaucratic participants, the "liber-

als" (which means favoring "social and economic development" as described here over economic stability) lie in the National Economic and Social Development Board, the Department of Accelerated Rural Development, the Budget Bureau, and the Fiscal Policy Office of the Finance Ministry. (Though he himself did not say so, others identify the "conservatives" as being in the Bank of Thailand and sprinkled elsewhere throughout the top levels of the government, e.g. the Cabinet.) F also made a distinction between the "older generation," generally taking a conservative line, and a "younger generation" among bureaucrats, who take income distribution and rural development seriously. In his view the World Bank is closer to the "younger generation" in its outlook, while the IMF tends to favor the outlook of the conservatives. He made a point to add that the US Agency for International Development has been concerned almost exclusively with counterinsurgency, so the large amounts of money it has put in have gone largely for expanding and improving the police, counterinsurgency forces, and the road network.

What can we say of this? Is it just a hodge-podge? Well, it is and it isn't. It's partly a jumble, and that is significant itself, but there is some order too. The responses are a mixture of conservative and liberal goals, with a tendency toward the liberal side (as that term is usually understood -- whether it even-tuates in anything is another question). On the whole, the responses also strike me as quite sophisticated. No one, for example, mentions "increasing GNP," or "industrialization," at least in those terms, and this is probably an important change from what the answers would have been ten or even five years ago.

Four respondents mentioned the significance of short-term problems or crises: inflation, crime in the streets, the recent unprecedented wave of strikes. In their conversations with me they all emphasized that this preoccupation with short-term goals is hampering the effort to give long-term direction to Thai development. Two specifically mentioned the general vagueness of government goals and sense of priorities. This is significant in connection with another issue I will come to: what are the causal linkages; the same vagueness, the same sense of "what do we do?" is evident there. (If you are beginning to feel uncomfortable about now, you're getting the message.) Interestingly, several respondents also suggested that government concerns were beginning to change even before the uprising of last October, which coincides with the view I have expressed previously, that **the** **leaders** of the old regime were responsible for important institutional blockages, and that these were involved somehow in the pressures that brought on the collapse of the military dictatorship. Two people I spoke with also focused on the "older generation -- younger generation" gap in perceptions; others probably would have mentioned this if I had raised the issue. The older generation is still clearly in control, but the views of the younger group have to be taken into account, at least at the rhetorical level.

Perhaps it is a sign of increasing realism, or perhaps just of faddishness in economics, that five of the six mentioned doing something for agriculture somewhere near the top of their lists. This is certainly a shift from the conventional wisdom of a previous generation, that development meant leaving agriculture to its own devices, all the while squeezing what resources one could out of the agricultural sector in order to push industrialization. I leave the question of what the problems are and what should be done to a later section; in a forthcoming letter I will discuss what some of the alternatives are, in terms of the kind of country the Thai want to have twenty or thirty years from now.

It is interesting also that half of those I interviewed mentioned a concern for income distribution, and that in each case this concern was perceived to be somewhere from the middle to the bottom of the list of priorities. From here on the patterns become less visible. Only two mentioned unemployment, and they disagreed: one asserted that there would be an increasing problem of unemployment as time goes on, i.e. a long-term trend of inadequate opportunities in agriculture; the other said this was emphatically not the case, that there is no foreseeable long-term unemployment problem in Thailand, and that this is significant only in the short run, in the export sectors, like textiles, which have been seriously hit by a drop in world demand. Only two mentioned population control, and only two mentioned reform of the bureaucracy. Curiously, governmental reform was at the bottom of the list for these two, and others didn't even mention it, but bureaucratic ineffectiveness is near the top of almost everyone's list of constraints on development -- as is education or human resources, which was mentioned by only one person as an area of concern.

Generally speaking, then, we can say that a healthy concern for agriculture shows through, and the fact that government economists are thinking about agriculture, even if they can't agree on what to do about it, is a hopeful sign. The only other thing that even half agreed on (beside the unhappy impact of immediate crises on government planning) was income distribution, but there seemed to be a consensus that this is not very important and not taken seriously by the people at the top.

Otherwise I confess I can find no indication of priorities, or even agreement on what the problems are facing Thailand. The two who mentioned employment can't even agree on what the facts are. I view this as a significant phenomenon but leave it to the reader to draw his own conclusions. Some would say that these people ought to get together, set some clear priorities, and take determined action, but this makes sense only if you have faith in the proposition that economic planners know what they are doing. Whether this proposition holds in Thailand I can't say, but it seems pretty clearly disproved by the U.S. experience.

My next question focused on the constraints which each economist saw as hindering Thai development. Let me give you another brief tabular presentation:

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
none*	1.markets not competitive	1.shortage of capital	no resource constraint	no resource constraint	1.difficulty in org. Thai to cooperate with each other
	2.human resources (esp. middle level)	2.human resources (esp. irrelevant educ.)	1.ineffective bureaucracy those who help themselves and	1.unmotivated bureaucracy 2.unclear signals	2.focus on Bkk 3.internal political struggles
	3.bureaucrat attitudes	3.farmers bear mkt risks	prefers easy projects	3.insufficient administrators 4.preoccup. with immed. crises	4.difficulty in formulating econ. policy 5.poor functioning of local admin. 6.poor coordination at top
(* see remarks below)					

Two things strike me about these responses. First, all except C appear to agree that physical resources are not a constraint. Thus three of six specifically mention that there are no capital constraints, while two more mention none in their lists. By way of detail, A points out that in the 1965-1969 period, when the economy was quite buoyant, there were very high savings rates. We conclude that there is no shortage of domestic capital. At the same time, there is plenty of foreign capital available, both in reserves and in the form of foreign investors knocking at the door. To go a step further, we might say that there is as much capital available as there are profitable investments. I might add here myself that Thailand's foreign exchange reserves are at an all-time high of \$1.5 billion (as of June, the latest data I have), up 50% since last October. That is to say, Thailand's foreign reserves have improved since the oil crisis, due to large price increases in its exportable primary products.

The second thing which impresses me is the degree of agreement on the importance of what I would call "institutional" constraints. Thus B speaks of shortage of human resources, especially at the middle level of the government bureaucracy, and of bureaucratic attitudes (arrogance vis-a-vis citizens, status consciousness) which make it hard for officials to deal productively with the people in development projects. C notes the shortage of human resources (he also attributes this to educational deficiencies). D mentions the ineffectiveness of the bureaucracy, E its poor motivation, and F the poor functioning of the local administration.

Beyond this there seems to be some, but lesser, degree of agreement on what I would call "political" constraints: the inability of bureaucracies to unite on policies, especially what we might call "wise" policies, by some hypothetical objective criterion. As examples of this, D observes that the bureaucrats tend to choose easy projects (such as major infrastructure programs like dams, roads, power systems) because these are relatively simple to execute; this is done despite the fact that a less expensive effort requiring more detailed supervision might (he suggests) bring a greater return to the population. E observes that the top does not send clear signals down through all the bureaucratic chains of command; presumably the left hand does not know what the right is up to. F is most emphatic on this subject, suggesting the importance of internal political struggles, difficulties in agreeing on a consistent economic policy, and poor coordination at the top (presumably the cabinet level). As an example of the second point, he points to the unhappy position of the National Economic and Social Development Board, charged with analyzing project proposals from the various ministries and with devising a coherent development plan. The ministries however resent this outside scrutiny of their proposals (I suspect, often according to analytic methods which they hardly comprehend), and hence there is much friction.

I confess that I am unimpressed by this emphasis on "political" constraints, though. There is no evidence that the problem is any worse in Thailand than elsewhere; coordinating quasi-independent bureaucracies is notoriously difficult, and in fact is the subject of a large literature. (I urge my readers to look at an article by Charles Lindblom called "The Science of Muddling Through," Public Administration Review, Spring 1959; it's a classic.)

Let me add one reservation, concerning economist B's assertion that markets (for credit and for the farmer's produce) are not competitive. The stereotype of the pitiless loanshark and the cruel middleman is a popular one, but the evidence I am familiar with indicates that while these two markets are unhappy ones for the

farmer, they are perfectly competitive. Interest rates are high for the farmer because of risk of default (a consequence of his poor technology) and high costs of administration. Middlemen's spreads are thin; this was demonstrated a few years back by a large American grain trading firm which, believing it could "clean up" by competing with the Chinese rice traders, went bankrupt with a loss of millions. (One qualification: money markets seem to be competitive from the banks to the farmer; it's quite clear though that there are monopoly profits accruing to the banks because of restricted entry; with one exception, though, the banks don't even loan to farmers, so this is not what is at issue.)

We are left, then, with the major conclusion that the principal constraint on Thai development is an institutional one: the poor functioning of governmental bureaucracies of all kinds, particularly at the level where they execute programs and interact with the general population. (This is the economists' conclusion, not necessarily mine.) Let me just leave this point here, and pick it up next month when we start talking about what economists are actually doing to push development.

Before closing, though, we must say a few words about the views of economist A, known about town as something of an iconoclast (but respected none the less). He says the view that programs are poorly executed is convenient but doesn't amount to much. In his view there are no constraints on Thai development, and the economy is moving along just about as fast as it can (6% a year or so). In his view, the bureaucracy is not a constraint in the long term (10 years) -- in fact there is really nothing much the government can do to help or hurt the process of development. It is a process which is carried forward by private entrepreneurs looking for profits, and they will adjust their calculations to whatever steps the government takes.

He admits three qualifications to this thesis: 1. "externalities" in the technical language; 2. income distribution (via government transfer mechanisms) and 3. the fact that the government certainly can in the short run foul things up. He cites several examples of this in recent Thai history (e.g. failure to adjust exchange rates to stop inflation; bureaucratic flip-flops in expenditure patterns having major short-run influences on aggregate demand). But in the long run the entrepreneurs take government stupidity into account too.

This is a provocative view, these days at least (actually it is the classical view), and I have not had a chance to think it through well enough to say anything intelligent in response. One thing that is immediately clear to me though is that we are suffering from the lack of any suitable measure of "constraint" with which to compare different orders of constraining factors. Thoughts from readers are welcome on this point.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeffrey Race", with a stylized, cursive script.

Jeffrey Race

Received in New York November 20, 1974

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-15

150 Soi 20 Sukhumvit Road
Bangkok 11, Thailand
November 30, 1974

Conversations with Economists -- Part Two

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York NY 10017

Dear Mr. Nolte:

In my last letter I left off considering constraints on Thai development, and the unanswered question of units of measure. Leaving that question unsettled, we can still look at what people are actually doing about Thai development, and we can compare what they are doing with what they say is important, and with what others say is important. Hence I asked my economists what means they saw being pushed for Thai development; I reproduce the answers below, matching where I can specific means against specific development issues. My overall conclusion is that on many issues, it is readily admitted that there are no answers; on others, I was given answers, but the suggested solutions varied from one economist to the next. In general, the solutions show a particular bias against certain approaches which have worked elsewhere and which would have favorable impact in enhancing democracy and egalitarianism in Thai society, this despite a superficial commitment to democratization and increasing equality.

ECONOMIST	DEVELOPMENT ISSUE	MEANS
A.	1. inflation	1. export taxes, price controls*
	2. short-run urban unemployment	2. expand economy (deficit financing)
	3. income distribution	3. develop poorer regions
	4. agricultural modernization	4. cooperatives; credit; extension of new technology
	5. educational system	5. increase budget appropriations (*says that since it is imported inflation, only solution is currency revaluation which gov't is unwilling to do, for unexplained reasons)
B.	1. increase agricultural output	1. technical assistance, experts, fellowships, in-service training for officials, capital investment, more relevant local educational system
	2. population control	2. (none specified)

Jeffrey Race is an Institute Fellow studying how the institutions of the past influence people's behavior toward one another today. His current area of interest is Southeast Asia.

ECONOMIST	DEVELOPMENT ISSUE	MEANS
C.	<ol style="list-style-type: none"> 1. rural social and economic development 2. law and order 3. implant democracy 4. reform bureaucracy 	<ol style="list-style-type: none"> 1. trans. and commo infrastructure; provincial universities; rural industry (mining, smelting) 2. more police* 3. \$2.5 million budget for student mobile teams 4. (none specified) (* not C's own view; he links increased crime with inflation)
(Economist D is omitted since time did not permit getting answers to this part)		
E.	<ol style="list-style-type: none"> 1. inflation 2. land reform 3. unemployment 4. housing 5. reform of local gov't 	<ol style="list-style-type: none"> 1. reduce import duties, control gov't spending and money supply (but since it is imported inflation, "don't know what to do") 2. land consolidation act (now passed) and land reform act (now under consideration) 3. "no answer yet" -- no clear policy 4. "aggressive" public housing program 5. "Did I say that? Remove it from my list."
F.	<ol style="list-style-type: none"> 1. economic stability 1a. increase income of ranking members of gov't 2. modernize national infrastructure 3. modernize agriculture 4. population control 5. regional economic imbalance 6. income distribution 	<ol style="list-style-type: none"> 1. keep expenditures in check; retard growth 1a. ensure that framework within which private sector operates is favorable to high profits, e.g.: favorable tax system; high tariffs; low wages; rice export tax; no laws against conspiracy to fix prices or restrain trade; commercial law that requires little disclosure about public companies 2. welcome foreign private investment; listen to foreign experts and advisors 3. spend more money; expand Ministry of Agriculture 4. no clear policy; reluctance to push pop. policies aggressively 5. "no one knows" -- possibly location incentives for private industry 6. "the most murky of all"

Two features strike me about this set of responses. First is the clear tendency to steer clear of institutional reforms of all types. Thus, only two mentioned institutional reform as an issue for discussion or action, and not one mentioned it as a means to enhance the achievement of any of the objectives noted. This is simply remarkable in view of the near-unanimous agreement that institutional blockages are a principal hindrance to Thai development -- and one which would cost little in real resources to overcome. (The means for making public and private institutions work better are fairly well known, if one asks the right people.)

I would like also to draw attention to another remarkable feature of the responses, which is that the people at the bottom simply drop from view, except as the ultimate beneficiaries -- and even this reservation is a doubtful one, knowing what we know now about the priority of income redistribution in the minds of Thai economic planners. The most favored instruments of economic policy are the standard economic tools of capital investment, budgets, pricing policies, sectoral allocations and subsidies. To the extent attention is focused on people at all, it is hardly on those at the bottom: university education, vocational education (i.e., for those who already have four years in school), fellowships and training abroad for government officials. The few comments related directly to those at the bottom are C's earlier comment on the irrelevance of rural education (hinting perhaps at a need for something to improve the situation of those with nothing at all), and A's mention of cooperatives. I leave to a later newsletter to explain why cooperatives, as presently structured in Thailand, are not very helpful in this regard.

What is plainly lacking is such efforts as: a crash literacy program (about 20% illiteracy, I don't have the latest figures); expansion of basic education; intensive efforts to get new technology into the hands of poor farmers, or organization of farmers in ways that would alter the individual burden of farming risks. What is essentially being done is to increase the resources devoted to elites in order that they may (presumably) do more for those beneath them -- this rather than devoting the resources to those at the bottom directly, or altering the institutional structure to change the life situations of those at the bottom.

I will leave to a future letter to discuss details of what I have in mind. Let me just say now that there are real alternatives to Thailand's version of the "trickle down" theory. Briefly, we might say that you can focus either on the "transmission belts" for new technologies, or on the users. In the former case, you pile up more privileges, more foreign degrees, more vehicles and office equipment on officials; in the latter, you take steps to enhance the ability of the farmer to search on his own for, to adopt, and to manage new technologies. I think there is a lot of evidence that the latter approach produces powerful benefits, and this would especially be the case in a country like Thailand where the bureaucracy functions poorly despite its level of educational attainment and physical endowment. (I discussed the reasons for this back in JEF-1.) That the former approach has been chosen is certainly no coincidence; it agrees well with the observations of some scholars that the Thai bureaucracy is operated on its own behalf, not on behalf of the public.

This is not to deny that there have been changes in the past year, for there certainly have been, particularly in the position of the agricultural sector: abolition of the fertilizer monopoly, reduction of the rice export tax (basically a tax on the farmers), and an increase in the agricultural budget. But all of these are within the conventional wisdom, adopting the measures noted above, while leaving untouched the institutional structure and the power relations between various groups. It is basically a conservative set of prescriptions for Thai development, largely the "same old thing," and there is to me at least an overwhelming impression of every agency doing its own thing. I see no creative or urgent response to the likelihood that Thailand may have no exportable rice surplus in less than a decade (rice is now the biggest foreign exchange earner), and little awareness of the historical factors which have made Thailand's recent growth so quick and easy: military spending, relative underpopulation, and the political passivity of the farmers. Thailand may be running out of time, as I tried to sug-

gest in my last letter, and the only explanation I can find for the relaxed attitude of Thailand's leaders is that no matter what happens, the people on top will continue to live very comfortably.

Recently farmer's groups have been conducting rather raucous demonstrations here in Bangkok, in particular accusing the deputy prime minister, Dr. Prakob Hutasingh, of insincerity for failing to deal with the problems of poor farmers. Dr. Prakob is highly respected, and I'm sure he is quite upset by these accusations, which he surely considers baseless. But we can now perhaps understand the farmers' perspective: they know that as things are going, nothing much is going to happen to help them. They fail to understand that it is not Dr. Prakob's insincerity. We know better: Dr. Prakob in a sense is just a front man, and the people who are making Thailand's economic future find no more prominent or bounteous place in it for those presently at the bottom.

I might be less insistent on the limitations of "trickle down" if it had been successful in Thailand, but so far this is conspicuously not the case. We would indeed hardly expect it to be, in view of the mechanisms I described in earlier letters for transferring wealth from poor to rich in this country. This is the significance of my next question to my economists, namely, what evidence is there of changes in income distribution and, in particular, what studies have been done on this subject?

Let me precede my replies with the observation that, to my knowledge, there have been no official studies of income distribution per se, though there have been efforts by individuals acting on their own to interpret data collected by the government for other purposes. I have in mind here two efforts, one by Udom Kerdpibule of Kasetsart University, the other by William McCleary of the Rockefeller Foundation, to analyze the findings of the household expenditure surveys of 1962/3 and 1968/9. Unfortunately, for income distribution analysis, the studies did not use consistent definitions, so the findings, based on poor data, are controversial within the scholarly community here. In essence, they show a tendency to a widening urban/rural gap, and an increase in income inequality in some regions of the country. Udom also notes that within the urban sector there has been some trend to greater equality. It may be that better data would show different trends, but until the critics come forth with their own findings (I have yet to see any), we have no reason to believe otherwise than Udom and McCleary suggest.

Turning to the responses of our economists, it develops that only three of the six are aware of these studies at all, and of the fact that inequality appears to be increasing, at least in certain regions and between sectors. One economist who is well conversant with these studies specifically mentioned that not many people are conscious of them and their implication; he further observed that there is no evidence of program impact on income distribution. (However, McCleary's study shows the greatest increase in rural inequality in the Northeast, the site of major road-building activity in the last decade. One possible inference is thus that the government roadbuilding program -- a counterinsurgency measure -- has led to more rural inequality. We need more data to be sure of this, though.)

The three economists who were not aware of these studies seemed either to have no idea of trends in income distribution, or to believe that it is becoming more equal. They cited a number of factors which led them to this conclusion: formation of labor unions, the recent increase in the rice price (both from the increased world price and from the reduction in the rice export tax), and, in general, a greater willingness by the government since October 15, 1973, to listen to what people have

to say. There is no question that the formation of unions has had a marked effect on employer/employee relations -- the appearance of strikes as a bargaining tool in Thailand is just one indication -- and money wages, at least for those in the lower earnings brackets, have increased considerably. It may be that this has simply kept up with the rapid inflation, however. There is similarly no question that the rise in paddy prices has had a dramatic impact in the countryside -- one symptom of the rapidity of the shift has been the urgent need to print enormous quantities of small bills to accommodate the increasing extent of cash transactions outside the cities (where the use of cash is smaller, checks and savings accounts being the media of exchange and savings). It is not clear at all, however, that these shifts, dramatic as they are, are going to help the people at the bottom -- and the odds are that they won't. Labor organization will certainly protect those who are organized; a corollary will probably be unemployment for those whose marginal product, as the economists say, does not come up to the minimum wage which the unions have been vigorously pushing to increase. Increased incomes in the countryside may accrue to those best able to take advantage of the cash market -- and this will not be the poorest. The willingness to listen to demands will probably mean listening to the demands of those who can get organized most effectively. The outcome of all of these processes, at least for capitalist countries (as Kuznets' data suggest) will be a gradual redistribution of income from those at the very top to those around the middle of the scale. Those at the bottom will probably suffer an actual decline in living standards.

All considered then, we may conclude that there is little official interest in income distribution (hence no studies); what evidence there is of trends is bad news but not universally known (another indication of lack of interest); in terms of priorities of economic planners, the subject of income distribution is either absent or near the bottom; and the actual measures they are pushing, so far as I can see at this point, show little promise of doing anything for the very poor. Hence their disillusion is comprehensible, despite the fine talk of political leaders here in Bangkok. Even so, of course, we must concede the fact that the very poor here are enormously better off than in Java, parts of India, or Bangladesh. But what of ten years from now? Or twenty?

Summing up the larger picture, I find a depressing lack of seriousness in the whole development effort, though there are some obvious bright spots. It seems to me that if you are serious about development, then you concentrate on the bottlenecks rather than having every bureaucracy just do more of the same. If you believe that national resources are precious treasures, then you manage them wisely, rather than (for example) fragmenting your agricultural research effort into so many little pieces that not much comes of it. Even those who believe they are being "progressive" in their analysis, for instance in talking about "human capital," seem to be talking about helping those who are already comfortable by Thai standards. In short, Thailand is being led toward a particular kind of future, dictated by bureaucrats, technocrats, capitalists and politicians, and benefitting these groups. At least, they are the ones who are squabbling, with the average man still on the sidelines.

Yet, would we expect it to be otherwise? I am comparing the current situation here with an ideal in my own mind. It may be that progress in Thailand in 1974 is more enlightened, more humane, and less venal than in other countries of the world today, or in previous generations. I will leave this judgment to others more worldly-wise and more widely travelled than myself; and I will continue to use as my standard the best that we are capable of becoming.

Within the bureaucrat/technocrat/capitalist/politician orbit there are choices to be made, and our economists were good enough to suggest what some of them may be. That is to say, even within the conventional wisdom, there are still many futures for Thailand. I was interested in what they may be and so asked three of our informants to speculate a bit.

My first crystal-ball gazer started by identifying the past modernization/development strategy of Thailand as a city-oriented, import substitution, laissez faire industrialization model. He sees Thailand's leaders moving away from this in three respects: the future strategy will become more focussed on the countryside, it will concentrate on agricultural exports, and it will of course be agricultural rather than industrial. One "package" of policies which he envisages would consist of a reduction in the rice export tax and an increase in government expenditure on the rural sector. The first measure would lead directly to higher farm incomes and at the same time change the slope of the curve relating the prices of agricultural inputs and corresponding increments to output. This would make profitable a higher level of inputs to paddy production and, in general, make this a more modern enterprise. The second measure would consist of increased expenditures on rural health and education, making it more attractive for people to stay on their farms to support the agricultural export strategy. He notes, by the way, that this approach was not tried before for a combination of reasons: first, doctrine had it that modernization was a single lane to the future marked "industrialization," second, no one thought there was a future in agriculture; third, there was no "problem" in agriculture -- there was enough land, there was an export surplus, and the farmers (under the restrictions imposed by the old regime) were quiet enough. All these elements are changing now.

A second possibility, essentially a way to put off for a while having to think too much about hard decisions on sectoral allocations, would be to get aggressive on family planning. The government is not pushing this hard now, with modest goals and modest budgets, but an enlarged effort here would have enormous consequences for the quality of life a generation hence, and for demands on the governmental budget at that time.

A third possibility, though an unlikely one, is that the government would abandon the fourth pillar of the previous development strategy -- laissez faire -- and opt for a greater government role in investment. I say unlikely because the last such attempt in Thailand was aborted (this being Pridi's master national plan in the mid-30's, following the overthrow of the absolute monarchy in 1932). One general here was also kind enough to share his view with the press a few days back, that if the socialists receive even one-fifth of the seats in the assembly to be elected in January, there will be a coup d'etat. . . .

My second economist agreed with the likelihood of a shift toward agriculture and a downplaying of industrialization. He suggests also that there is a widespread consensus on laissez-faire development, and that international lending agencies are quite happy with this approach. As evidence of the shift already being underway, he points to the latest agricultural budget: in recent years agriculture has been going down in real terms, but the current budget reverses this trend. He also points to the recently passed land consolidation and seed certification laws, and the draft land reform law, as evidence of movement. The old regime of the generals, for reasons which can well be imagined, was not very interested in agriculture, but with the new leadership (such as it is), the technocrat faction has been able to bring these measures up in the assembly, where they have been easily passed.

I have left until last the views of our old friend economist A, for he again has the most provocative views. Like his colleagues he also sees a tendency to focus increasing attention on agriculture, but he feels this poses some problems. Technological change in agriculture is currently producing pressures for land consolidation, and this might come about in three ways, he feels. The first possibility is collectivization communist style, but this is obviously repugnant to the current leadership and no doubt to most of the independent-spirited farmers as well. The second possibility is large-scale commercial agriculture, and in fact there is much movement in this direction. This tendency is undesirable, at least to some, because you end up with some rich farmers, lots of agricultural laborers, and more economic inequality than under the third possibility: cooperatives. This latter is the favored alternative because it combines the virtues of large-scale production with the advantages of better income distribution and more independence and self-reliance.

For rice production this is not really at issue, because the evidence is clear that rice small holdings are successful and can be made more so. (The 1963 Census of Agriculture shows a perfect inverse relationship between production of non-glutinous transplanted rice and size of holding: from 29.5 buckets/rai for holdings from 2 to 5.9 rai, to 19.2 buckets/rai for holdings over 140 rai.) However, for other crops such as soybeans, maize, sugar cane, tobacco or cotton, the choices, leaving collectivization aside, appear to be commercialization or cooperatives. In order to avoid commercialization and possibly a British-style enclosure movement, responsible officials see a crucial nexus between technology transfer, long-term credit, land ownership (ending the trend to alienation), and farmer organization. The latter is perhaps critical, but for lots of reasons cooperatives have not been very successful. They are run by government officials and tend to be a drain on farmers, not a service. Essentially Bangkok has wanted to get the farmers organized, but on Bangkok's terms. This has seldom been the way the farmer wants it.

Looking to the broader picture, economist A suggests that the future poses a choice for Thailand's leaders -- a choice which has not been made and one which may never be made, given the relaxed attitudes toward the future among economic planners which I have described in previous pages. "Does Thailand want to move toward a rural paradise?" economist A asks. This would mean a shift of resources to the countryside, would use Thailand's comparative advantage in food production, and would be the right choice if there will in fact be a long-run world food shortage. Or does Thailand want to become a "modern, industrialized, urban society?"

If Thailand opts for the "rural paradise" -- essentially a capitalist variant of Mao's vision of China -- it will require a benign political environment and a very strong population program; otherwise per capita GNP will simply stagnate. Such a strategy would produce an acceptable balance of payments and quite satisfactory distribution of income. "The Thai might never be rich," says A, "but they would be happy."

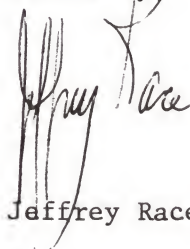
The second alternative would be a very strong inflation-based industrialization program (perhaps on the model of Korea). Thailand would sell its industrial products to pay for its heavy capital imports, and would keep devaluing the currency to maintain competitiveness. The agricultural sector would carry fewer people but would have higher output per person, "at least enough to feed the monster" Thailand would have created. Again, such a program could pay for itself in balance of payments terms, though income distribution would be much less favorable, and more people would live in far less wholesome environments.

If this were all A had to say, we could rejoice that Thailand has two such promising alternatives, either of which would be successful in gross economic terms. Unfortunately, he goes on to add that precisely what won't work is a continuation of present policies, pursuing industrialization with the exports from a primitive agriculture. For one thing, if present trends continue, Thailand will shortly have no rice to export. Also, now that the political screws are off, the farmers show not the slightest interest in tolerating the old regime's policy of squeezing the countryside to support the cities and industrialization -- the almost weekly farmers' demonstrations in Bangkok clearly show that this policy is bankrupt.

So what were originally bright prospects turn out to be less so. The first course, the rural paradise, requires suppressing Thailand's military-industrial complex. A suggests that this is economically feasible but politically difficult. The second course, inflation-based industrialization, requires acceptance of continuous inflation (and perhaps a Korean-style authoritarian government). Such an inflation might be economically unacceptable, though the idea of an authoritarian government to keep the lid on fits well with Thailand's political history. The third course, doing more of the same, will probably become physically impossible in a few years.

Avoiding hard times in the future thus demands far-sighted and decisive leadership now. The current political campaign demonstrates that there is no shortage of candidates for the top jobs -- but will any of the current contenders want, or even see the need, to make the tough decisions the situation requires?

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeffrey Race", with a large, stylized flourish above the name.

Jeffrey Race

Received in New York December 18, 1974

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-16

150 Soi 20 Sukhumvit Road
Bangkok 11, Thailand
December 31, 1974

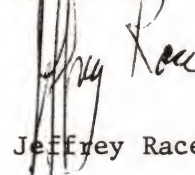
The Year in Review

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York NY 10017

Dear Mr. Nolte:

What follows is my interpretation of some of the important political events in Thailand during the past year or so. Parts of this are adapted from a year-end review article I wrote for *Asian Survey*, to appear in their February issue, but I have gone into greater detail in some places, and toward the end I have speculated a bit as to what it all means. Putting it all together this way has been an exciting and intellectually rewarding exercise -- especially when certain patterns so clearly emerge. I hope you will enjoy it as well.

Sincerely,



Jeffrey Race

THE CONSTITUTION: NEW RULES FOR THE GAME

Adopting a new constitution was the most important event of 1974, and the one which occupied national attention for almost the entire year. Problems in passage revealed many of the tensions in Thai society. The major question now is how far the revolution of October 1973 will go; included in this of course is the related question of how long the new constitution itself will last. As of this moment the military is fully committed to playing the electoral game (even Thanom's unauthorized visit did not upset this), and a free campaign is vigorously under way for the National Assembly elections scheduled for January 26, 1975.

As I wrote a year ago, the drafting process began in the closing days of 1973 with the appointment by the 299-member interim National Legislative Assembly of a Constitution Drafting Committee. The draft was presented to the cabinet in February 1974 and after minor changes slowly made its way through the three assembly readings. It was finally approved at a tense session on October 5. On October 7 the king promulgated the constitution with reservations, urging that it be amended in part.

The new constitution provides for a bicameral National Assembly, consisting of a lower house of from 240 to 300 members elected by popular ballot, and a 100-member upper house appointed by the king. Neither senators nor representatives may be permanent government officials, though they may be political appointees, and they must declare their assets and liabilities to the president of the National Assembly. The prime minister is chosen by the king from the House of Representatives, as must be half the cabinet. Ministers similarly may not be permanent

Jeffrey Race is an Institute Fellow studying how the institutions of the past influence people's behavior toward one another today. His current area of interest is Southeast Asia.



POLITICAL COMMENTARY: Above, a Bangkok World cartoonist makes a mordant observation about differences in rural and urban attitudes toward government counterinsurgency policy. The incident: burning of a village in Nong Khai province, first reported by government officers to have been another rebel atrocity, later revealed to have been done by government troops themselves. On the left, "all those in favor of investigating who burned the village"; on the right, "all those not in favor of investigating who burned the village." Below, from the Bangkok Post. Although giving out mackerel seems to have worked last time, one candidate is reportedly taking no chances in 1975. He is distributing left shoes to villages and telling recipients they will get the right shoes if the village gives a majority to him.



During the last general elections a clever candidate won by distributing pla-thu to the fish-starved constituents of Si Sa Ket in the Northeast. Will the ruse work again this time?

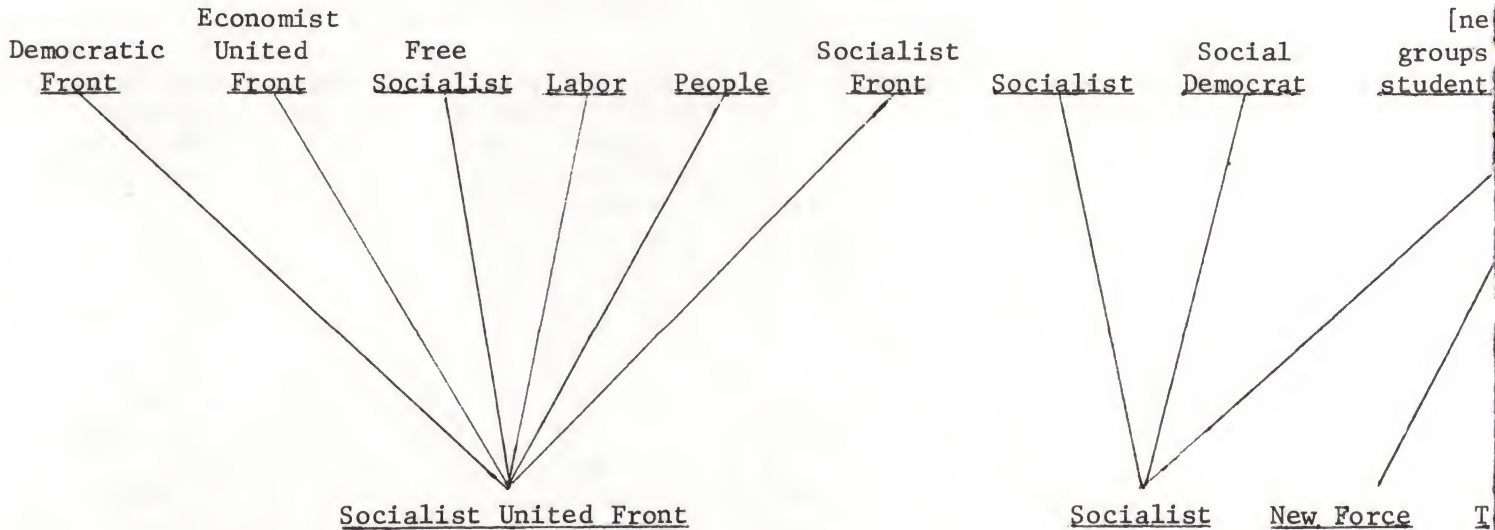
government officials and must make a declaration of assets and liabilities.

The cabinet must vacate if it fails on a vote of confidence in the elected House of Representatives alone, though it remains in office until a new cabinet is appointed. Another important feature of the new document is the appointment of an independent Auditor General, responsible to the National Assembly, with authority to inspect the books of all government agencies, state enterprises, and local government bodies.

Major controversy erupted over age qualifications for voting and candidacy and over the provision for royal appointment of senators. University students kept up a steady drumfire of opposition all during the year to the provision for voting at age 20 and candidacy for representative at age 25; advocated were ages of 18 and 23 respectively. Demonstrations broke out in mid-September as it became clear that the assembly was preparing to accept the higher limits at the third reading. In response Prime Minister Sanya Thammasak stated his belief that the age limits were too high and the hope that the constitution would fail the vote, at which point the government would propose a new draft. Assembly members reacted with "disbelief, consternation, shock and fury," according to press reports, since the present draft had slowly worked its way through more than nine months of intricate study and painful compromise. There was also fear that further delay and disorder would provide occasion for a military coup. In the interim vocational students demonstrated in force to declare that the assembly should not be "pressured" by a minority, i.e., the university students, whose agitation had obvious motives. The constitution carried, but the incident emphasized one important axis of tension within the student movement and was one of many occasions during the year on which Sanya was criticized for erratic and indecisive leadership.

The king himself was a party to the second major controversy, over the appointment of the Senate. Despite the limited power of the upper house -- it does not take part in the no-confidence vote as did the appointed upper house in the 1968 constitution -- the king nevertheless felt this represented an excessive involvement of the monarchy in politics, and many observers, student and non-student alike, agreed. A government-proposed constitutional amendment to abolish the Senate failed passage on December 19, but an alternative is now pending which would have the prime minister cosign the appointment, rather than the president of the Privy Council, a royal appointee.

What are the implications of the new document? It plainly reflects the currents flowing with increasing vigor through contemporary Thai political life, by terminating most of the institutional devices by which the military and the bureaucracy have maintained their stranglehold over Thai politics for past decades: financial secrecy, inclusion of appointed members in the no-confidence vote, concurrent tenure as assemblyman and permanent official or military officer. If accepted the new constitution will work a major change in the distribution of power and in all the specific issues where that power has been used. Some examples of what may be in store were provided by the experience of the past year: large-scale retirements of military officers without extensions at the end of the fiscal year on September 30; planned ending of ice and slaughter monopolies and a start on legislation to forbid price-fixing conspiracies and restraint of trade; release of some political prisoners; cancellation of plans to proceed with a no-bid second airport; and a major shift in priorities from the industrial to the agricultural sector.

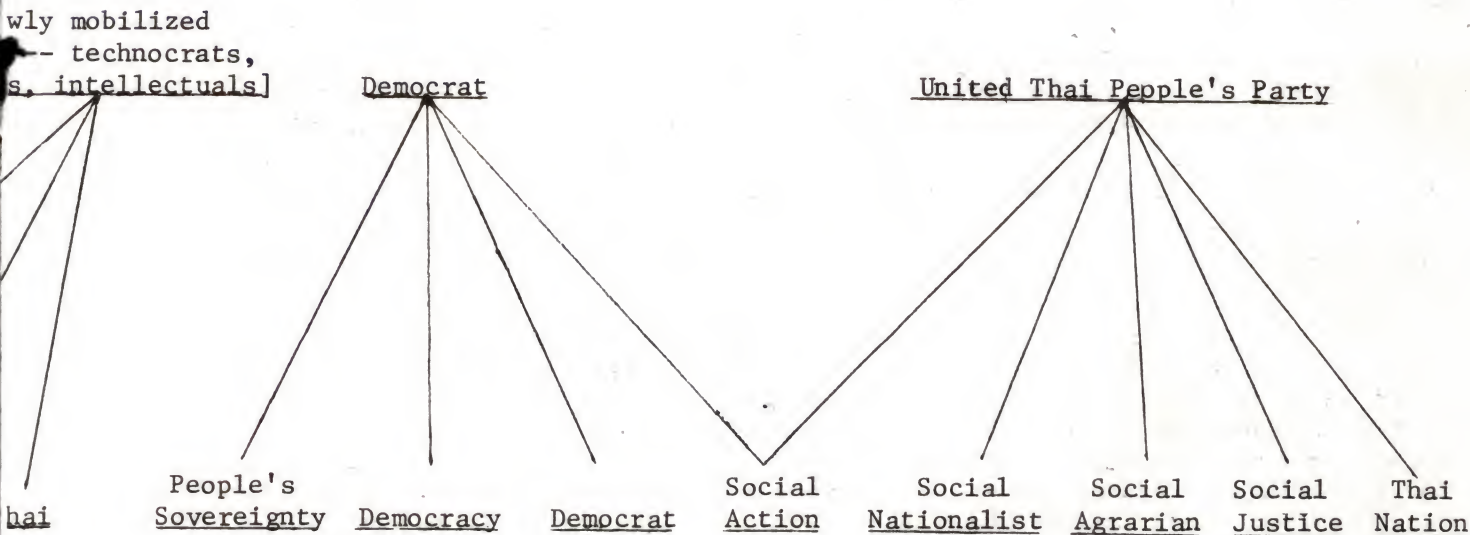


POLITICAL PARTIES: FRAGMENTATION ON THE RIGHT, CONSOLIDATION ON THE LEFT

That the right is taking the new constitution seriously is clear from the effort (and the stupendous sums of money) which they are putting into organizing for the current elections. They are playing a comparatively clean game, with almost no allegations of military interference or plans for vote-rigging, and relatively few political murders. The lesson has apparently been learned from the experience of other countries that once the public attains a certain level of sophistication, it will no longer tolerate the kind of ham-handed rule which Thailand has enjoyed recently; yet, even with civilian power brokers, the military can still lead an extremely lucrative and rewarding life. The conservatives believe they will win in any event, and if the elections should come out wrong, the military will still have another chance to set things "right."

The diagram above may help to understand the lineup for 1975 by tracing party origins back to the 1969 election. It is presented in loosely left-to-right order and includes only the major parties. All told there are 42 parties fielding 2,193 candidates for the 269 assembly seats. The principal feature is plainly fragmentation on the right, consolidation on the left, and the appearance of newly mobilized groups in the middle.

The fragmentation is particularly clear in the case of the former government



party, the UTPP, and seems to have two causes. First there is no government party in this election, and no Prapat riding herd to ensure the unity of the right. Second, the new constitution provides that all candidates must be members of a registered political party, which has eliminated the incentive which existed in 1969 for popular candidates to invest in running as independents, and then, upon winning, to negotiate a high return on their investments by selling themselves to the UTPP.

As a result there has been a proliferation of rightist parties: Social Justice, headed by Thawitt Klinpratum, former MP from Ratburi and self-made millionaire (shipping ammunition to upcountry US bases); Social Agrarian, headed by Suwet Piumpongsarn, former MP from Rayong and former Finance Minister; Social Nationalist, headed by Prasit Kanchanawat, wealthy Chinese businessman, banker and former Commerce Minister; and Thai Nation, headed by Major General (Ret.) Pramarn Adireksarn, president of the Association of Thai Industries and the Thai Textile Association, and formerly Minister of Industry. His party is popularly known as the "general's party," since other important members are Major General (Ret.) Siri Siriyothin, assembly speaker during 1969-1971, Major General Chatchai Choonhavan, now Deputy Foreign Affairs Minister, and Lieutenant General Paitoon Inkatanuwat, first commander of Thai volunteers in Laos. Thai Nation is the wealthiest of the rightist parties; it is providing a minimum of \$2,500 for cam-

campaign expenses to each candidate and has been accused of "buying" attractive candidates from other parties by offering princely (and unaccountable) sums for campaign expenses.

The venerable Democrat Party has suffered a similar fragmentation. M.R. Kukrit, apparently moved by his experience as assembly speaker during 1974, has declared his aim of becoming the next prime minister; in collaboration with Boonchu Rojanasathien of the Bangkok Bank and other "forward looking" members of the governing elite, he has formed the Social Action Party which offers a modestly progressive domestic program and a foreign policy of continued alliance with the U.S. Other old-time members of the Democrat Party suffered a falling out among themselves over policy and/or (as some suggest) who would get to run. Three factions resulted: M.R. Seni Pramoj, who got to keep the name; Khunying Lekha Abhaiwong and Yai Sawitachat, with the People's Sovereignty Party; and Chumpol Maneenat with the Democracy Party.

Newly mobilized groups are principally represented by the New Force Party, headed by Dr. Krasae Chanawong, winner of the Magsaysay Award for his dedicated efforts in rural health work, and the Thai Party, organized by Pongpen Sakultapai, lecturer at Chula, and Sombat Thamrongthanyawong, former president of the National Student Center of Thailand. A number of other students and lecturers have joined Colonel Somkid Srisangkom's Socialist Party; among these are Boonsanong Boonyothayan, well-known Thammasat lecturer, and most of the thirteen constitutional activists whose arrest ultimately brought on the overthrow of the military dictatorship in 1973. The Socialist Party is an amalgam of the Socialist Party and the Social Democrat Party of 1969. The other major socialist group is the Socialist United Front, led by Klaew Norpati, successor to veteran Thep Chotinuchit who died in April.

It is equally interesting to look at who is not running. Thanom, Prapat and Narong are clearly out since their assets were confiscated in July (though not before Prapat succeeded in withdrawing \$860,000 from the Bangkok Bank via a Taiwanese merchant sent on the mission with a power of attorney). General Kris Sivara, Army Commander-in-Chief, granted absolute powers as "peacekeeper," has shied away from all overt involvement, though he has many personal, business and professional relationships with members of the UTPP successor parties. He has vowed to stop any coup attempts and apparently intends to stay clear of politics through his retirement from military service on September 30, 1975. Retired Generals Sanga Kittikachorn and Prasert Ruchirawong have publicly stated they feel the new government will not last more than a year; they apparently have hopes their services will be called upon thereafter. Air Marshal Dawee, now also retired, similarly states he is foregoing all political involvement at the present time. Dr. Puey Ungphakorn, often spoken of earlier in 1974 as a potential prime minister, is completely out of the running for his refusal to affiliate with a political party and seek a position as assemblyman.

UNPRECEDENTED MOBILIZATION: STUDENTS, WORKERS, FARMERS, MONKS

After its moments of glory in the last half of 1973, the student movement has pursued the fissiparous tendencies which were already apparent during the October uprising. The growing disunity of the student movement — actually students should be expected to have as many disagreements as their elders — is apparent in the multiplication of activist groups: in addition to the NSCT, there are now the People for Democracy Group, headed by former NSCT Secretary General

Thirayuth Boonmee; the Federation of Independent Students of Thailand of Saeksan Prasertkul; and the National Vocational Student Center. There have been bitter conflicts between FIST and the NSCT over the approach to take to farmer's demonstrations and, as noted above, between vocational and university students over the proposed age limits for voting and candidacy.

The splits which have understandably occurred should not be permitted to obscure the more significant fact, which is the unprecedented high level of student involvement in almost all aspects of Thai public life. Indeed, the splits have occurred primarily on the question of how best to pursue this involvement, which is apparent in three spheres. First, in the wake of the reforms growing out of October 1973, students have been invited to participate in a variety of institutional mechanisms of the state bureaucracy: landlord/tenant committees, anti-hoarding parties, poll-watching teams, and the propagation of democracy campaign. Second, many students have taken a leading role in the workings of the political parties themselves. Third, students have reached out to mobilize less involved but potentially powerful segments of the population in the labor and agricultural sectors.

Workers have been prompt to take advantage of this proffered assistance and of the new climate of openness. Several major strikes took place during 1974, unprecedented in size, amount of violence, and extent of demands. In particular a strike in July against one of the tourist hotels succeeded, after considerable violence, in removing several foreign hotel executives. Labor pressure also succeeded in forcing up the minimum wage twice during the year. As 1974 comes to a close steps are also being taken to amend NEC Decree 103 to permit the establishment of trade unions.

Farmers too enjoyed the new environment to press demands: their demonstrations forced measures to remedy the consequences of decades of scandalous neglect of agriculture and, possibly, to set the government on the road to genuine constructive long-range policies as well. March saw the first-ever farmer's demonstration in Bangkok, over the low rice price. This settled, the farmers returned in greater strength in July to protest increasing alienation of farmlands. An interim settlement broke down, and the farmers returned again in November for a 17-day demonstration ultimately 20,000 strong. The final agreement, in which the Deputy Secretary General of the NSCT and the Thammasat Student Union President participated, pledged the government to distribute available land to landless farmers and to assist farmers in redeeming mortgaged land, among many other points. In recognition of the changing times the government during the year also passed a seed certification law, a land rental law, and a land reform law which, with certain exceptions, limits holdings to 20 acres.

The year also saw the mobilization of a number of (for Thailand) unlikely groups: the kingdom had its first women's rights demonstration and what is also probably its first demonstration of police sergeants demanding greater promotion opportunities vis-a-vis university graduates. A number of high-ranking dissidents within the police and military also published an exposé titled Com Thirak ("Communist Darling") attacking government counterinsurgency policy.

The biggest storm of the year, however, came over the participation of a group of monks in the November farmer's demonstration. As I have suggested earlier, the Buddhist Church is one of the principal props to elite rule, and hence we can understand General Kris' reported remark that the monks' action in leading a rally was "the end of everything . . . there is nothing more serious than this." The

Ecclesiastical Council promptly condemned the monks, and when one of them refused to leave after being expelled from the temple he was residing in, the abbot kicked him in the head. Considering the special significance of heads and feet in Thailand, one can see how far this country has come in a year. The incident reveals deeper generational and doctrinal conflicts within the Sangha, and more will no doubt be heard of monks in politics in the coming year.

FOREIGN RELATIONS: LOOSENING THE LEASH

Thai leaders pursued a policy of gradually decoupling from the American Embassy's love affair with the deposed dictators, for example by applying restrictions to U.S. base use and by pressuring the PX. There was a sense of inevitable drift of events, with declining U.S. economic aid and continued withdrawals of American military personnel. The year got off to a bad start with the revelation that an American intelligence officer attached to the CIA Sakon Nakhon station had sent a bogus letter to the prime minister in the name of the communist party. The incoming American ambassador, William Kintner, apologized for the incident, but the new freedom felt by Thai leaders was exemplified by the action of General Vitoon Yasawas, a former commander of Thai volunteers in Laos, who, in an unprecedented move, revealed publicly the name of Bangkok's CIA station chief. Early in the year Kintner made several statements which were much resented in Thai circles, but as the year wore on he gained generally high marks for his initiative, open mind, and apparently sincere support for Thailand's current experiment with democracy.

This loosening of relations with the U.S is in line with an evolving policy formally enunciated in June to shift diplomatic emphasis from the West to regional countries. Accordingly Thai leaders continued to seek closer relations with China, with Foreign Minister Charoonphand Issarangkun Na Ayuthaya stating as early as the end of 1973 that Thailand intends to pursue a one-China policy and that recognition of Peking is just a matter of time. Numerous high-level Thai missions travelled to Peking, and there was a noticeable cooling of relations with Taiwan. Pressure was placed on the KMT schools in the North, and the Taiwanese intelligence station in the North was also reportedly closed out.

Despite several attempts at offering the hand of friendship, Thai leaders were able to make no headway in relations with the DRV. According to press reports, a DRV Foreign Ministry spokesman stated on October 19 that the Thai "have allowed the United States to maintain military forces and military bases in Thailand to oppose the people of Vietnam, Indochina and other countries of this region With such a hostile policy towards Vietnam and Indochina, it is unrealistic for the Thai administration to talk about improving relations between the two countries.

RURAL REVOLT: POT STILL BOILING

If poor relations with the DRV had no costs attached, the matter of DRV insistence on removal of U.S. troops from Thai soil might be left as it stands. Unfortunately for Thailand's elites, the year provided new evidence that this is anything but an academic matter. A U.S. intelligence study revealed that North Vietnam has organized a complex and highly articulated commo-logistic system to support the rural revolt in Thailand. This so-called "35/95 system" is manned by some 2,000 North Vietnamese and Pathet Lao troops and stretches from North Vietnam, through communist-controlled areas of Laos and Cambodia, into all the Thai provinces adjoining the latter two countries.

Relying on this system as well as on the frequently catalogued list of issues strictly internal to Thailand, the rebellion continued to grow in 1974. Intelligence sources estimate there are now some 8,000 insurgents under arms, versus 5,000 a year ago and some 3,500 the year before that. Dramatic increases in insurgent strength have come in the North and the Northeast, while smaller increases have been registered in the Central Plain and the southern provinces.

Government officials are troubled by the increasing violence and sophistication of insurgent attacks. In the Northeast almost all insurgents are armed with the latest generation of AK-47 or M-16 rifles, while some units have mortars and Vietnam-style B-40 rockets. Almost everywhere attacking forces are growing in size, and assaults which formerly lasted only minutes are now going on for hours and sometimes longer. "Liberated areas" are increasing in size, not decreasing, indicating that battlefield success is nowhere in sight.

Many Thai leaders, especially those in the military, have concluded that foreseeable moves toward detente with North Vietnam and China will not provide a reduction in external support for the insurgency. There is considerable apprehension that North Vietnamese leaders, notorious for their long memories, want to punish Thailand for her collaboration with the U.S. in Vietnam, and there may be nothing Thailand has to soften this resolve. What almost certainly lies ahead, in the words of one long-experienced observer, is "a prolonged and trying test of endurance."

The grounds for this apprehension seem confirmed by communist reaction to the October 1973 uprising. Recent propaganda statements assert that the new civilian regime is not essentially different from the deposed military dictatorship. The recent statement marking the 32nd anniversary of the Communist Party of Thailand similarly emphasized the party's determination to follow the violent road to state power.

Strategists in the government's communist suppression command have finally concluded that doing more of the same will not prevent the situation from deteriorating. Their new plan, "Volunteer Self Development and Protection," or Aw Paw Paw in Thai, calls for a massive five-year expansion of the local militia and a major shift in government attention to the problems of the rural villages. Like the People's Self Defense Force in Vietnam, it is based on the concept that the revolutionaries are bound to fail if they can be forced to fight the villagers themselves, rather than the regular army. Under the new program villagers will for the first time be directly supplied with U.S. Military Assistance Program weapons. If the plan is successful, the army and police will be out of counterinsurgency, except for backup roles.

The non-military side involves an expansion of village government and a multiplication of resources flowing directly to villages. Enabling legislation was actually put on the books in 1967, but the previous military government obviously had little interest in pushing local home rule. The hope now is that the assistance to be provided will motivate villagers to cooperate with Bangkok, and the new program, by providing a chance for universal involvement at the local level, will answer strivings for participation which until now could be met only by joining the rebels.

Will it work? The people in Bangkok plainly have much to protect, both in power and wealth, and the question is whether they will have the sense to share enough to allow them to keep the rest. Thus, we may rephrase the question to ask

whether this time real resources -- of money, of educational opportunity, and of top-level attention -- will shift to the countryside, or whether this will be just another paper reorganization, faltering on the lethargy and selfishness of the bureaucracy and the chronic inability of jealously independent government departments to cooperate with one another. Past experience is not encouraging, but things may be different after January 26.

CONCLUSION: SOME LESSONS FROM THAI HISTORY

Thailand's difficulty in achieving both democracy in the city and peace in the countryside goes back to the kingdom's historical structure as a centralized bureaucracy, with the bureaucratic apparatus used as an instrument of popular control on behalf of the king. This heritage of bureaucratic control extending into every sphere of Thai life has made it hard to assimilate the democratic concept of independent spheres of power -- harder at least than in countries with a European feudal structure, like England's, where the king ruled through a nobility, not a bureaucracy, and the concept of representation of interests even against the king was enshrined in common law and tradition.

The military and the bureaucracy have found it no easier to tolerate independent powers within the state since 1932, when they seized power on their own behalf. The number of false starts since 1932 is evidence of this, as it has always been easier for the Bangkok elites to coalesce against the king's subjects than to compete with each other for their allegiance. The process is a continuous one, however, and the same resentment which educated civil servants and officers felt against the absolute monarchy in 1932 broke out against them in turn in 1973. In each case growing education and technical competence brought on the confidence to challenge the holders of power. The circle is still expanding.

In the short run, the conservative groups which have dominated Thai politics for decades will no doubt have formed the new government by the time this reaches print, and we cannot even exclude the possibility of a return to direct military rule at some later date. What is certain, though, is that in the post-October 1973 environment, extraconstitutional rule will henceforth be much more difficult to enforce. As an instrument of effective policy its days are over, as seems clear from the fact that the kingdom's first experience with prolonged military rule lasted 17 years (1951 to 1968) and was brought to an end by pressures from within the ruling groups, while the most recent attempt lasted only two years (1971 to 1973) and was ended by a popular uprising.

The long run implications are thus plain enough. Thai society has evolved to such a level of complexity, wealth, literacy and sophistication that no one group, and certainly not the U.S. or any other foreign nation, has a monopoly of power.

Received in New York on January 17, 1975

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-17
The January 1975 Thai Elections:
Power to the . . . ?

150 Soi 20 Sukhumvit Road
Bangkok 11, Thailand
January 31, 1975

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York, New York

Dear Mr. Nolte:

This month I had planned to write on a different and more general topic -- the connection between political institutions and economic development -- but after looking over the results of the January 26 election, I thought it worthwhile to do a followup to my letter of last month. By going back and comparing the outcome of this election with previous ones, some significant trends emerge which go far to explain the current difficulties in forming a stable government. Put together with what we know about the rural revolt (which I discussed briefly last time), we can also see clearly the message which the kingdom's rural subjects are trying to communicate to the political leaders in Bangkok.

Others may and probably will differ on various points. These are my interpretations, and I present them in hopes they will evoke a response from others concerned with this issue. The election obviously needs much more study, using far more detailed information than is now available to me. My purpose is simply to present some preliminary conclusions based on data available in the papers a few days after the election.

My overall conclusions are three. First, as revealed by the political orientations of the strongest parties, Thai voters are consistently extremely conservative -- indeed surprisingly so. Unfortunately they cannot decide whether they want to be ruled by military conservatives or civilian conservatives, hence the current troubles in forming a government. Second, the voting patterns depict a clear picture of rural protest. Third, the government resulting from the January elections will have to be a weak one, with an evident shift of power to those groups best organized: the military and the bureaucracy. Moreover, the government will not be able to take decisive action on the major problems facing the nation. As a result, we may expect protest movements and urban unrest to continue, and possibly accelerate.

January 26: The Basic Data

Table 1 presents the results of the election. Of 42 parties, but 21 succeeded in gaining seats in the assembly. The table is organized according to political orientation, in a way that makes the results of the election easier to comprehend. Since this was one of the cleanest elections in Thai history, the impressive vote for the military-affiliated parties seems to prove that the military has nothing to fear from free elections per se. The behavior of senior military leaders, eschewing any public participation in the campaign, was also a favorable precedent for the future.

Jeffrey Race is an Institute Fellow studying how the institutions of the past influence people's behavior toward one another today. His current area of interest is Southeast Asia.

Party	Number of candidates	Number elected						Percent elected	Percent of total house	
		BKK	C	S	N	NE	TTL			
<u>UTPP successor parties</u>										
(The military right)										
1. Social Justice (Dharma Sangkom)	237	-	14	7	6	18	45	19.0	16.7	
2. Thai Nation (Chart Thai)	210	2	9	3	3	11	28	13.3	10.4	
3. Social Nationalist (Sangkom Chart Niyom)	146	-	7	1	2	6	16	13.3	10.4	
4. Social Agrarian (Kaset Sangkom)	121	-	4	1	10	4	19	15.7	7.1	
<u>Democrat successor parties</u>										
(The civilian right)										
5. Democrat (Prachatipat)	231	23	11	17	16	5	72	31.1	26.8	
6. Social Action (Kit Sangkom)	230	1	2	3	7	5	18	7.8	6.7	
7. Democracy (Prachatiptatai)	82	-	1	1	-	-	2	2.4	.7	
8. People's Sovereignty (Athipat)	25	-	-	1	-	1	2	8.0	.7	
<u>The middle</u>										
9. New Force (Palang Mai)	106	-	2	-	3	7	12	11.3	4.5	
10. Thai (Thai)	45	-	1	-	2	1	4	8.9	1.5	
<u>The left</u>										
11. Socialist (Sangkom Niyom)	82	-	-	2	2	11	15	18.3	5.6	
12. Socialist United Front (Naew Ruam Sangkom Niyom)	74	-	-	-	-	10	10	13.5	3.7	
<u>Minor parties</u>										
13. National Revival (Fuenfoo Chart Thai)	97	-	1	-	-	2	3	3.1	1.1	
14. Peaceful People (Santichon)	78	-	5	-	3	-	8	10.3	3.0	
15. Economist (Sethakorn)	74	-	-	-	-	1	1	1.4	.4	
16. Agriculturalist (Kasetkorn)	36	-	1	-	-	-	1	2.8	.4	
17. People's Force (Palang Rasadorn)	32	-	1	-	-	1	2	6.3	.7	
18. Free People (Serichon)	31	-	-	-	1	-	1	3.3	.4	
19. Labor (Raeng Ngarn)	28	-	-	-	1	-	1	3.6	.4	
20. People's Justice (Pracha Dharm)	26	-	-	-	-	6	6	23.1	2.2	
21. Thai Earth (Phaendin Thai)	22	-	-	-	-	2	2	9.1	.7	
22. Provincial Develop- ment (Pattana Changwat)	1	-	-	-	1	-	1	100.0	.4	

A disappointing aspect of the election was the low turnout, only 33% in Bangkok, and some 60% nationwide. This could have been predicted partly on the basis of the large and confusing number of candidates, but it appears also to have resulted from a feeling that "it doesn't matter anyway." Our figures show, however, that it indeed "does matter."

January 26: Political Geography

Table 2 is abstracted from the data presented in Table 1 and illustrates the regional distribution of votes by political tendency. The UTPP successor parties, representing the military right in alliance with local notables, were strongest, compared to other parties, in the Central Plain and the Northeast. Its miserable performance in Bangkok reveals the results of education and communications on electoral preferences and is a sign of things to come for the military right. The Democrats, representing the civilian right in alliance with its own network of local notables, did best in Bangkok, almost matching their record clean sweep of Bangkok in the 1969 election. Its next strongest center of support was in the South.

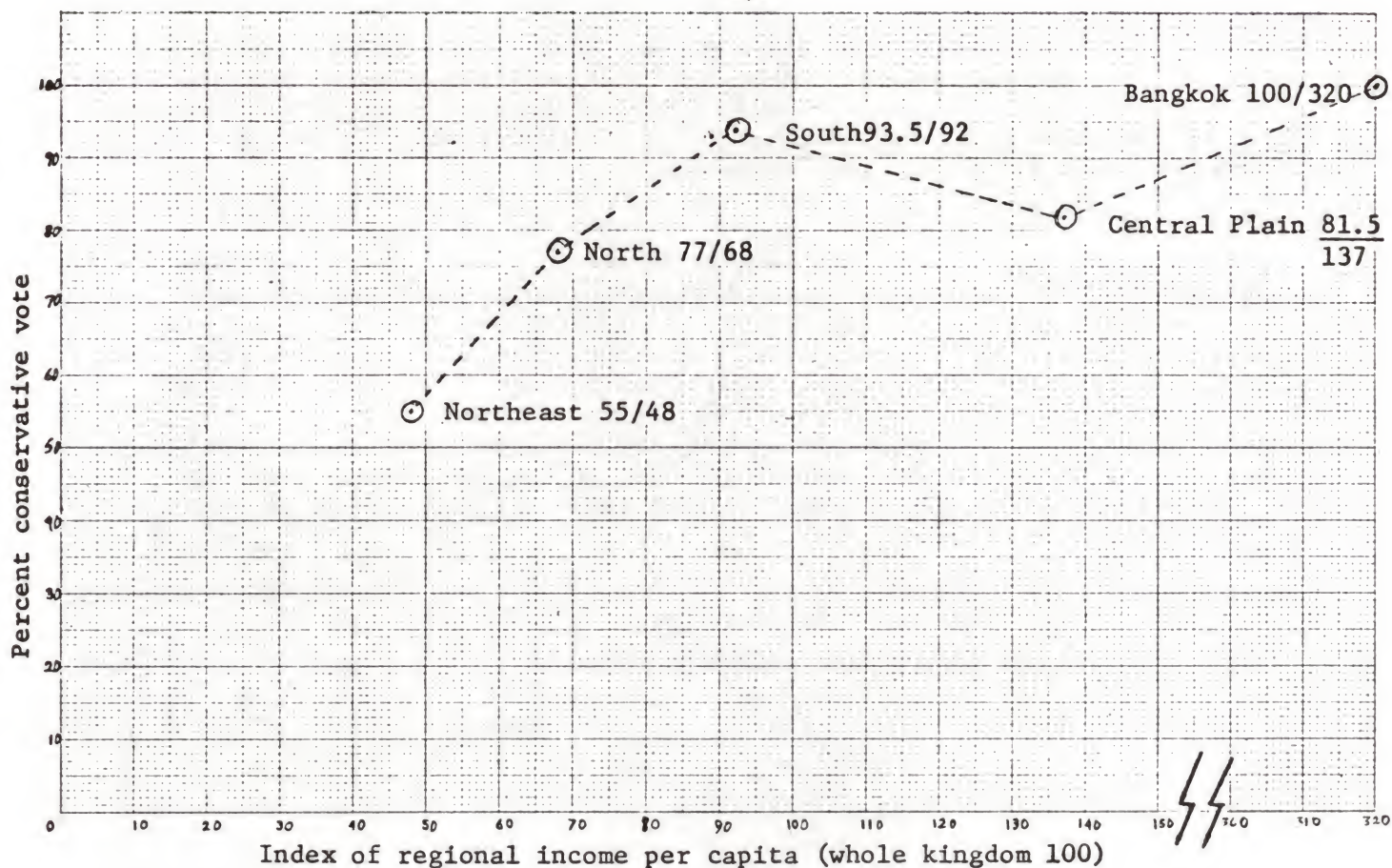
Table 2: Regional Distribution of Votes by Political Tendency

Region	Military right		Civilian right		Middle		Left		Other	
	Seats	% of region	Seats	% of region	Seats	% of region	Seats	% of region	Seats	% of region
Bangkok	2	7.5	24	92.5	0	0	0	0	0	0
Center	34	58.0	14	23.5	3	5.0	0	0	8	13.5
South	12	33.5	22	60.0	0	0	2	5.5	0	0
North	21	37.0	23	40.0	5	9.0	2	3.5	6	10.5
Northeast	39	43.0	11	12.0	8	9.0	21	23.0	12	13.0

The interpretation of the votes for the other three groups requires a bit more detailed explanation. I had expected the "middle" -- the Thai and New Force parties -- to appeal to the new middle class, bureaucrats, and professional people, hence deriving significant support from Bangkok and the Central Plain. In fact almost completely the reverse occurred: the middle parties got no seats in Bangkok, and but three in the Central Plain. Their strongest support was in the North and the Northeast. We note a similar phenomenon for the left and "other" parties: no support in Bangkok, some in the Central Plain, and more in the South, North and Northeast. One interpretation suggests itself clearly: the votes for the left and the smaller parties not affiliated with either the UTPP bloc or the civilian conservative bloc represent a protest against the economic and political domination of Bangkok. And although the Thai and New Force parties made a somewhat different appeal in their platforms, they were perceived in this traditional way.

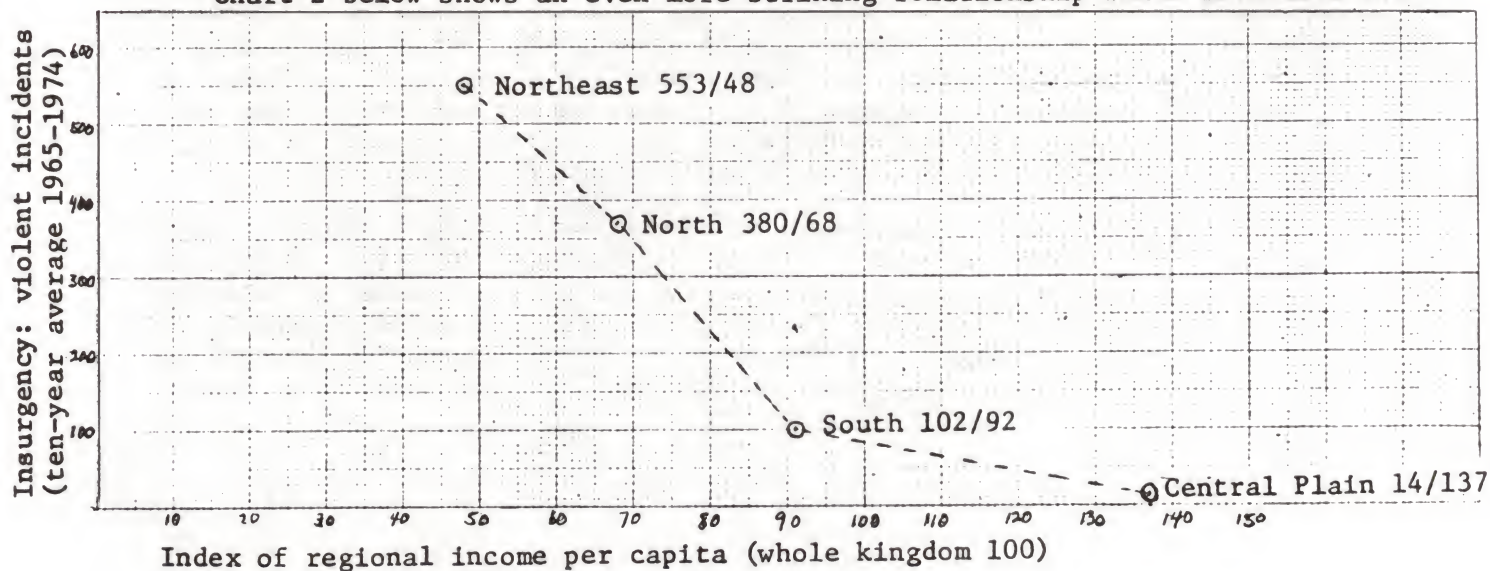
There is some rather striking evidence to confirm this hunch that the pattern of electoral results represents a rural protest against the dominance of Bangkok. Chart 1 (next page) demonstrates the relationship between conservative vote and relative regional income per capita. The vertical axis is computed by adding the percentage of votes in the region for the military and civilian conservative

LEFT: Table 1 -- The Election Results



groups, while the horizontal axis is the index of regional per capita income with the whole kingdom as 100. The resulting curve shows a marked, though not perfect and not linear, correspondence between the income of a region and its percentage of conservative vote. The Northeast, poorest of all, gives but 55% of its seats to the conservatives (still an impressively high percentage), while Bangkok, wealthiest, most powerful, and with the most to protect, gives the conservatives 100% of its seats.

Chart 2 below shows an even more striking relationship which increases our



confidence that significant segments of the rural population are dissatisfied and trying to say so. Chart 1 illustrated the relationship between legal protest -- left party and minor party vote -- and regional income. Chart 2 does the same thing for illegal protest: violent incidents in the rural revolt (in this case, a ten-year average of violent incidents by region). The connection is quite clear: the higher the regional per capita income, the lower the violence.

The New House

Table 3 presents data on the composition of the new House of Representatives, again broken down into our political tendency categories. Several conclusions are readily apparent. First is the large proportion of the house going to the UTPP successor parties, the military right, testimony to the solid conservatism of the Thai voter or, from a different political perspective, proof of the extent to which the ignorant farmer is still fooled about his true interests. The percentage of the house in the hands of civilian rightwing parties is only slightly less, and in combination with the vote to the military right confirms our point about the overwhelmingly conservative nature of Thai politics. The left, by comparison, has but 9.3% of the seats.

Table 3: Composition of the House of Representatives

Political persuasion	Number of candidates	Number elected	Percent elected	Percent of house
Military right	710	108	15.2	40.1
Civilian right	568	94	16.6	34.9
Middle	147	16	10.9	6.0
Left	156	25	16.1	9.3
Others	678	26	4.2	9.7

A second inference we may readily draw is that while Thai are broadly conservative, they are unable to make up their minds which brand of conservatives will represent them and rule the nation: the seats are split almost evenly between the two claimants to the conservative mantle.

We may draw yet a third very interesting inference from these data. One of the rallying cries of the election was that the right was "buying votes" and that "money is all that matters." As evidence such critics point now to the large percentage of seats obtained by the wealthy military-affiliated parties. In fact, of course, such a large percentage might have come about due to the actual popularity of such parties and their candidates. The only way to know which is true is to look at the percentage of candidates elected, adjusted for money spent. If money truly matters, the wealthy parties would be able to get a higher percentage of their candidates elected, despite presumptively less appealing candidates. A look at the data shows that the reverse is true: the wealthy military-affiliated parties actually succeeded in electing a smaller percentage of their candidates (15.2%) than either the somewhat less wealthy civilian rightists (16.6%) or even the impecunious leftists (16.1%). This inference is a bit tentative, since we do not have, and probably cannot get, exact

campaign spending figures, and moreover some parties contested seats only where they felt they had support. Overall, however, I believe the conclusion is warranted: the voters have more intelligence than they get credit for.

The same column on percentage of candidates elected reveals in another way that the voters have the ability to discriminate. Contrast the percentage of candidates elected as between the "middle" parties and the "other" group: both, we concluded, are perceived as protest vehicles. Yet the "middle" parties were two and one-half times as successful as the "other" parties in having their candidates elected; hence they must have had some other advantage. Since it wasn't money, it must have been the appeal of the candidates.

Past, Present . . . Future?

It's useful to know where we are now, but even more so to know where we are going. We can get a bearing on this by comparing data on the 1975 election with the results of two earlier elections: those of 1969 and February 1957. The comparison is summarized in Table 4, and the trends, and continuities, are quite striking. The drop in the "military right" vote is very large in the 1975

Table 4: Changing Patterns in House Composition

Political persuasion	1957		1969		1975	
	Party	Percent of house	Party	Percent of house	Party	Percent of house
Military right	Seri Manangkhasila Progov't independents Progov't fragments of other parties	61.5	United Thai People's Party Progov't independents	67.5	Thai Nation Social Justice Social Agrarian Social Nationalist	40.1
Civilian right	Democrat	20.5	Democrat	25.0	Democrat Democracy Social Action People's Sovereignty	34.9
Middle	-----	----	-----	----	Thai New Force	6.0
Left	Free Democrat Economist Hyde Park Freedom	14.5	People Economist United Front Democratic Front	6.0	Socialist Socialist United Front	9.3
Other	Antigov't independents and fragments of other parties	3.5	Other parties and anti-gov't independents	1.5	Other (see Table 1)	9.7

election; this might be due either to a real drop in the popularity of the military right, or to the greater honesty of the 1975 election. (The military had control of the Ministry of the Interior in both 1957 and 1969.) There is also an unmistakable rising trend in the electoral strength of the civilian right: from 20.5% in February 1957, to 25% in 1969, to 34.9% in 1975. As stock prospectuses say, there is no assurance that present trends will continue, but on the other hand it would be foolish to ignore them.

The strength of the left parties hovers in the range 10%± 4.5%, indicating that the decline in the vote for the military right was shared principally by the civilian right and the middle in 1975, and to a lesser extent by the "other" category.

Conclusion

The 1975 election confirms the essential conservatism of the Thai electorate, but it poses the problem of the inability at present of Thailand to decide whether military or conservative elites will rule. The long-term shift away from the military is apparent, however. The other point confirmed by the elections (as if the meaning of the gunfire in the countryside needed confirmation) is that there is serious discontent with the current distribution of economic benefits in the kingdom. It would be a serious mistake, however, to conclude that income is all that is at stake here. It is the distribution of power overwhelmingly in favor of Bangkok which permits this distribution of income to persist, and that is the real issue.

For the short term, the ambiguous outcome of the election virtually ensures that a weak government will be formed, and power will slip from the prime minister and cabinet to those who have trained themselves to rule while appearing to obey: the bureaucracy and the military. It seems unlikely that the government will be able to act decisively against the problems confronting the kingdom: inflation, land alienation, income inequality, agricultural backwardness, and hence we may expect protest movements to continue, and perhaps expand.

The people who should be happiest with the results of the election are foreign and local investors and Thailand's conservative foreign allies, for the three elections examined here show no evidence of a shift to the left. There is clearly a shift, but it is from the military elites to the kind of civilian conservative and middle-class parties which are successfully in charge of business as usual elsewhere in the world. The current problem is simply that the underlying long-run trend has brought the military and civilian conservatives so near to equality in elected seats that Thailand is falling between two stools: no one can take command, though either might do so successfully.

Sincerely,

Jeffrey Pace

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-18

150 Soi 20 Sukhumvit Road
Bangkok 11, Thailand
April 15, 1975

Who Gets Modern Technology?

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York, New York

Dear Mr. Nolte:

The whole world has been converted to the religion of development, crudely interpreted to mean increasing product per person. In the earlier stages of man's history, the major factors in such development were increases in cultivated land and the capital stock. Modern growth, on the other hand, relies on technology. For the peoples of the less developed world, these two routes offer a tantalizing prospect -- in the classical sense of something forever out of reach. Growth by one's own capital accumulation is an agonizingly slow process: compound interest is just not fast enough to satisfy aspirations shaped by the prodigal example of today's advanced countries. In principle technology is the modern world's answer to the slowness of capital accumulation, but its application in practice is laden with difficulties, and the results, problematic. For one, the use of the new technology requires capital, often enormous amounts by historical standards, with the result that income inequalities may become more marked where there are no political mechanisms of redistribution. Another difficulty is that, even with capital availability, the innovation of technology is slow. And, the people who can effectively use it are those who are the best off already.

Given the pace of change heretofore in the less developed countries, and the capital requirements for progress, the prospect for the future is mixed, and in some respects disheartening. It is clear that if we continue as at present, it will take today's poor countries (per capita income about \$200) about a century to achieve the living standards now enjoyed by today's advanced countries. Furthermore, the World Bank indicates that countries with a per capita GNP less than \$200 show a prospect of an actual decline in GNP, with present levels of external assistance. Increasing capital transfers to the poorest countries by a significant amount could change the projected negative growth rates into slightly positive ones, but all this time the advanced countries will be moving further ahead, since their growth rates are higher. Thus the capital transfer route also appears to offer a less than desirable prospect of answering the needs of the less developed countries.

While we might wish to consider this problem at our leisure, in fact it is an urgent one. Recent reports indicate that hundreds of thousands, perhaps millions, of our fellow human beings will not survive the next few years, for simple lack of food, at a time when the technologies for adequate food production are well known.

To summarize the problem, we can say: while on a world scale, capital is not short, for the less developed countries it is not available in quantities anywhere near the required size. New technologies, for example agricultural technologies, are available, but they are being adopted too slowly. The appropriate question thus is: holding capital constant, and assuming a backlog of unexploited techno-

Jeffrey Race is an Institute Fellow studying how the institutions of the past influence people's behavior toward one another today. His current area of interest is Southeast Asia.

logies, how can change be accelerated? It is the answer to this question that millions of our fellows desperately require.

I have long pondered this problem, one which has intrigued me since my earliest newsletters almost two years ago. I have concluded that there is indeed a third way, that by relaxing some of our assumptions -- assumptions so basic we often never even verbalize them -- we can indeed affect dramatically the rate of innovation of modern technologies, and at the same time bring about great improvements in the distribution of income. The answer lies in altering the "institutional context" of innovation. Unfortunately, too often writers on economic development wave a magic wand of "institutional change," wonderful to behold in its abstractness, and then are disappointed when nothing happens. To avoid this problem I want to discuss institutional change in very specific terms, and to do this I will use a case study. My basic point is that altering the distribution of power between social groups, while holding everything else the same, may enhance the capacity to innovate new technologies. At the same time, we must recognize that there are potent forces preventing a recognition of this actual development alternative.

The case study I will examine here is the attempt by the Thai Public Welfare Department to innovate a new sericulture technology among poor rice farmers in Thailand's northeastern region. The Northeast is the poorest part of the kingdom, with a per capita income of only \$94 in 1972, 48% of the national average. Sericulture has long been practiced in the Northeast, but with a traditional technology whose returns are low. However there is considerable demand for Thai silk thread, exceeding what traditional production methods can supply. This fact led to hopes that the introduction of a new technology could raise incomes substantially and provide plentiful off-season employment.

I should note here that the new technology proposed for the poor farmers of the Northeast is exactly the one I described in my JEF-3, as employed by the Cul Cunvong Silk Farm of Phetchabun province. As I recorded then, in August 1973, the Cul farm was finding the new sericulture technology extremely profitable and was expanding as fast as possible. (Sombat, the owner, in fact asked me then if I wanted to invest some money in the silk project!) So there is no question that the new methods work, and make money. The point I was making in JEF-3 was that these profitable new technologies tend to be adopted by those already well off, not the poor, thus reinforcing and perpetuating income inequalities.

The point of the PWD scheme was to make this profitable new technology available to the poor farmers in the Northeast, but it failed. Herein lie some important lessons, which I want to share with you. (I am preparing a much more comprehensive and detailed analysis of this case for publication; it is titled "Turning Parameters into Variables in the Theory of Economic Growth: A New Appeal," and I can provide copies to anyone who is interested.) I did not visit the PWD project myself but base my conclusions on a study prepared by two scholars, Drummond Hislop and Michael Howes, from the Science Policy Research Unit of the University of Sussex, England.

For those unfamiliar with the way in which silk thread is produced, let me repeat the description I gave in JEF-3. Silkworm eggs are obtained (either locally or imported from Japan) and laid out on branches of the mulberry bush. The worms eat the mulberry leaves, at which point they are placed on a corrugated chicken wire screen to spin their cocoons. The cocoons are then roasted to kill the worms

and finally placed in hot water baths to locate the end of the long strand of silk. The thread is then unwound, twisted and dried, and prepared for shipment to the spinning mills.

The new technology proposed by the PWD, and actually used by the Cul farm, promised to increase incomes by a factor of ten, and consisted of the following five elements:

- * A more productive variety of mulberry bush
- * Improved methods of planting, pruning, fertilizing and weeding
- * Improved silkworm varieties
- * More hygienic rearing practices to lessen the risk of disease
- * A new reeling machine to overcome an existing bottleneck in the conversion of the single cocoon thread into the multiple strand sent to the spinning mills.

Hislop and Howes, in their study, uncovered four reasons for the failure of the project. These were:

1. The reeling machine. The quality of the thread produced by the project's participants on the new reeling machines was largely unacceptable to the market, as a result of which they reverted to the much slower traditional reeling technique, which in turn placed a severe limit on the number of worms which could be raised. They point out, however, that the problem lay not in the reeling machines themselves, but in the skill of the operators: similar machines are used elsewhere, and one or two of the project families produced marketable thread as well.

2. The individual rearing houses. The traditional technology employed to rear worms called for raising them in baskets covered with cloth to prevent the entry of flies. This led to a high temperature in the baskets, and subsequent high incidence of disease, which was overcome by specially designed rearing houses, cool, sanitary, and, if maintained, free of flies. Unfortunately the rearing houses were not properly maintained, permitting flies to enter. Participants then reverted to covered basket culture, raising internal temperatures and increasing the incidence of disease.

3. Tardy capital infusions. The original plan had called for a government cash grant to finance the establishment of the mulberry plantation, but as the planting season approached, the money did not arrive. The participants were thus forced to improvise low-cost, and less productive, methods.

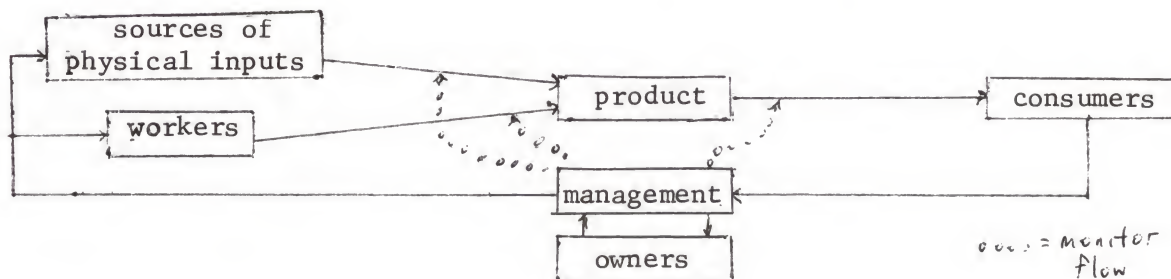
4. Breakdown of collective responsibility in joint production tasks. The project included two areas where group responsibility was employed: the maintenance of the central rearing house for young worms (different from the individual rearing houses mentioned above) and of the mulberry plantation supplying the central rearing house. While the former task succeeded, the latter did not. As Hislop and Howes report, "it is anticipated that land settlement officers will always be required to act in a supervisory capacity, since members are considered incapable of exercising responsibility in any collective sense. It is said that if left to their own resources, they will only perform work related specifically to their own worms." Yet, even with the supervision of the government officials, collective responsibility broke down in the mulberry plantation.

The standard way to approach a problem like this is to see a whole series of ad hoc causes for failure -- poor training, difficulties in bureaucratic coordination, low skill levels in terms of the project's technical sophistication, excessive haste in the face of financing and technical problems -- and then seek

a solution to each in its own terms. Or, despairing of success in this, one can throw up one's hands and say, the new technology is too complicated for these simple people with their demonstrated inability to cooperate with one another.

The alternative perspective which I propose is that these various reasons for the project's failure were all part of a larger problem, namely the failure to develop an institutional structure which would permit a proven and extremely profitable technology to take hold. We can thus look at this case study in two ways. According to the conventional wisdom of economic development analysis, the PWD scheme tested a new technology; the test failed due to excessive technological sophistication compared to the backward behavior of the people on whom it was tried; the indicated remedy is to revert to a simpler and less profitable technology for them, leaving the really profitable new technologies for the well-to-do. According to the perspective which I propose, the scheme tested whether a particular institutional structure can cripple the adoption of a proven and profitable technology; the test succeeded; the indicated remedy is to alter the institutional structure.

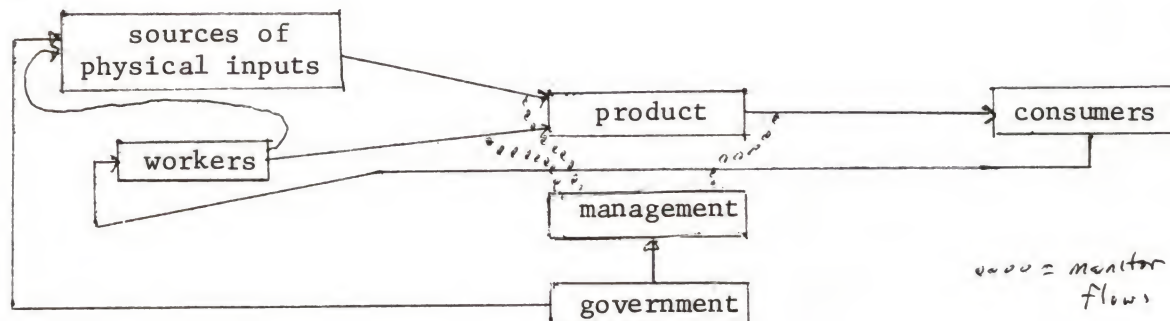
But let us be specific. How are these apparently different reasons for the project's failure related? For one, the project had a rather unusual management system, operated by civil servants assigned from the central bureaucracy. As such, one of the essentials of any successful enterprise was missing: a complete feedback loop which regulates various kinds of flows as required by the specific technology, and provides rewards to the various participants in proportion to their contributions. Without such a loop, people will not be motivated to do the right things, and the complex technology, no matter how profitable, won't produce. This is exactly what happened in the PWD project. Consider the following diagram:



In this structure, an exchange develops which makes all participants -- workers, management, consumers -- better off than if they did not participate. The proper functioning of the overall process is ensured by passing the loop through the management and providing that some proportion of the flows remain with management. This is a standard "business" management structure.

Contrast this with the second diagram, which represents the bureaucratic management structure chosen by the Public Welfare Department. In the PWD project, the management was omitted from the feedback loop, since in a bureaucratic system, as is well known, the incentives for the functionaries come from bureaucratic superiors and not as a percentage of the flows through one's sphere of authority. As a result, the bureaucratic managers had no incentive in the PWD sericulture project to solve assiduously all the myriad problems which invariably accompany any complex production process -- and which were solved by their non-

bureaucratic counterparts at the Cul Cunvong Silk Farm, using the first kind of management structure.



Furthermore, from the point of view of the workers (project members) there was no incentive to do their own private tasks well, for example maintaining their individual rearing houses, since they made no personal investments and bore no risks. They also had never experienced high returns from the new technology (indeed they had experienced only failures in their dealings with previous government projects), so there was no anticipation of future income to evoke group pressures to work diligently. In principle performance on individual tasks should have been motivated by the direct payments from consumers, but this flow depended on proper management by the project leaders, which as we have seen was precluded beforehand.

Hence it is not surprising that the proven technology failed to take hold: it is what any student of management would have predicted. Why government officials designed the project this way is the crucial issue, which we will discuss in a moment.

A second basic problem is that the "institution" set up to operate the new process, unlike the Cul farm, did not control all the resources essential to its success. While in a standard structure, capital resources are placed at the disposal of managers, in the PWD project, authority to commit these resources was retained at the central bureaucracy. Hence the untimely arrival of funds for the mulberry plantation condemned the project to a level of financial returns much lower than practically possible.

Let us also look beyond superficial appearances at the failure of "collective responsibility" as well. It is too easy to be patronizing and say that these were irresponsible farmers who will grow in responsibility when they become middle class people like the rest of us. It is also wrong to say this. Despite greater or lesser cultural difficulties, organizing for collective action is a universal necessity, and since the problem is solved everywhere, there are self-evidently means to do so. The means, in sociologists' jargon, is an "authority structure," and the ways to achieve an authority structure are also well understood.

The "standard" way to do this is for superiors to control the flow of material and non-material incentives to subordinates and, ultimately, to sever non-compliant subordinates from the organization. (Other factors enhance the ability of superiors to evoke compliance from subordinates, for example their personal qualities and individual technical competence, but I won't discuss these here.) We have seen, however, that because of the peculiar bureaucratic management structure of this project, those in charge didn't really regulate the flows of anything to anybody. Yet, there is an alternative, namely a "participant" authority structure, in which compliance

results from a common sharing in goals and rewards. Such systems can be extremely effective motivators, since strong peer pressures emerge to ensure that each participant executes his share of the collective task. If such an authority structure had emerged, the numerous problems encountered with the new technology could have been solved, with the technical assistance of the bureaucrats detailed from the central ministry. Moreover there would have been strong pressures exerted against such management lapses as the failure to take immediate corrective action when the market first began to reject the project's thread. This would have been the case because in this second kind of structure the authority of the leaders comes from relationships with the lower participants themselves, not from a set of outside linkages and the generalized status relationships of the larger society. In this case, on the contrary, the project's managers had little fear of failure, since their career incentives, salaries, and peer approval all came from an outside institution, their bureaucracy.

What led to these fatal institutional flaws? That is the crucial question. I suggest that these problems were not a random, chance result, not an "accident"; rather, the type of institutional structure which evolved was a necessary consequence of the political constraints on the project.

Let us consider the possibilities. One would have been to set the project up as a profit-making business, with capital funds to be borrowed on the open market, or loaned by the government in the first instance. In such a structure the risks are borne by the owners who also, of course, receive the entrepreneurial profits (in this case, large). The lower participants receive a wage set competitively within the larger economy. That is to say, the lower participants benefit by the new technology only to the extent of having an additional increment of employment at the going wage, while the enhanced income streams from the new technology flow to commercial elites.

This outcome is obviously not what the government had in mind. The effective alternative would have been the second type of structure we have described, in which authority is granted by the lower participants and management is accountable to these same people. In such a structure income increments from the successful adoption of the new technology would flow to the lower participants (i.e. non-elites), while management would be retained at a wage set by competitive market conditions for their skill level.

Yet this approach was not chosen; neither; what was chosen was a hybrid management structure which didn't work very well. Why? Here I believe the sociologists and psychologists have much to say that is relevant. Let me offer three suggestions from my own readings in these fields.

1. A participant authority structure on the second model would have been the reverse of the relationship existing in the larger society. That is, the bureaucratic model prescribes that middle-level civil servants, such as managed the PWD project, be subject to the authority of their hierarchical superiors in Bangkok, not low-power, bureaucratically rankless farmers. We know from experiments, many of them quite ingenious, carried out by "cognitive dissonance" theorists, that there are powerful pressures against thoughts, and ultimately behavior, contrary to firmly established values and beliefs -- in this case about the rightness and necessity of a hierarchical authority structure radiating out from the capital city, penetrating the countryside and controlling the smallest details of life there.

2. A participant authority structure would have placed low status people --

the project's poor members -- in authority over high power people -- the bureaucratic managers. We know from at least one body of experimental data that there are likewise pressures against this kind of situation arising, i.e., pressures toward maintaining "congruity" in the distribution of various values.

3. In either the "business" or the "participant" approach, the bureaucratic organs of the central government would have had to give up power, either relatively or absolutely. Thus, for one thing, the government would have had to give up authority over the capital funds (the failure to do which, we know, was one of the factors crippling the PWD effort). Also, relatively speaking, the establishment of an autonomous decision-making economic unit, with its own capital funds, controlling a profitable new technology, and possibly (in the case of the "participant" approach) dominated by low-status farmers, would have diminished the power of the central government. It might well have been a threat. Yet the voluntary cession of such powers is contrary to what we know about the behavior of institutions, namely that they seek to enhance their own power and autonomy.

This is an important point and I should say a bit more about it. Thailand, like other less developed countries, is a relatively undifferentiated society, and there are powerful "homeostatic" processes perpetuating this lack of differentiation. For example, the government owns one large bank, a jute factory, a tobacco monopoly, a trucking monopoly, a glass factory, a drug factory, and a host of other business enterprises. As I pointed out in my JEF-5, at the time of the October 1973 uprising in Thailand, there is also a parasitical penetration of the business sector by the political elite at almost every level. For example, until the 1973 uprising, the number two man in the military dictatorship was also the chairman of the board of the nation's largest bank. This lack of differentiation powerfully helps elites to maintain their dominant position, and the emergence of autonomy is by no means a speculative, remote or hypothetical threat.

Contrary to these self-serving processes favoring continued lack of differentiation are of course other processes favoring structural differentiation, increased autonomy, and dispersion of power. Ultimately the latter must triumph -- that is the meaning of development. Yet, though development is a wide-ranging and ultimately irresistible process, it can be delayed, and that is my concern here.

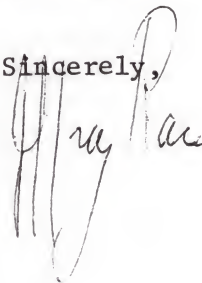
The point which I believe must be communicated here is that economic development through technological innovation is related both as a cause and a consequence to changes in the distribution of both income and power; hence, it is not easy to do. In the case I have looked at here, the attempt to place a profitable new technology in the hands of low-status, low-power, poorly educated, and impecunious farmers, ran afoul of the well-documented pressures to maintain congruity between the distribution of values on various continua, to protect the fit between behavior and beliefs, and to preserve the autonomy of existing power structures. Simply put, eliminating the sociologist's jargon words, the PWD project ran afoul of the processes perpetuating the elite structure of society.

Were Thai decision makers conscious of these relationships and the development alternatives they imply? Did they consciously choose to perpetuate their own power knowing it would frustrate the income goals they set? Almost certainly not -- but this is perhaps not the most useful way to pose the issue. Rather we can say that these subjects have been studied intensively for decades by sociologists of organizations, management theorists, and analysts of small group behavior. Sufficient

knowledge has long been available to avoid the elementary errors committed in the project analyzed here. Thus there is no apparent reason why the project leaders should not have known had they desired to. The conclusion that suggests itself is thus not that the decision makers chose failure, but that failure was the necessary consequence of the political constraints which they saw necessary to impose on the institutions created to employ the new technology on behalf of the poor farmers.

Thus we can understand, in a way, why Thai leaders did what they did: the problems arose because of a failure to articulate conflicts between economic and political goals (goals which, we must hasten to add, were not articulated either). What is harder to understand is why, if political leaders committed to a certain kind of society benefitting themselves did not articulate this conflict, economic development theorists -- supposedly committed only to truth -- did not do it for them. My purpose in this letter is thus principally to draw attention to a serious anomaly in the economic development literature, namely that the bulk of the research and operational attention appears to ignore the large economic benefits which would flow from a relaxation of political constraints. Further, the economists would have to do no original research themselves, but simply read the findings of their colleagues in allied fields. This does not even mean that scholars of economic development have to prescribe such political changes: the role of the man of truth is help us understand the structure of the world, so that we can make intelligent and informed choices among means. The fact that this was certainly not done for the PWD project by the horde of development economists working for the Thai government, and seems more generally not to be done in the scientific literature, raises in my mind the most serious questions about the real commitments of my fellow scholars in the field of economic development. Yet I may be too unkind here, and I would certainly like to hear from anyone who has contrary views.

Sincerely,

A handwritten signature in dark ink, appearing to be "J. R. R. R." or similar, written in a cursive style.



The mulberry plant



Mature silkworms ready to be transferred to spinning racks (see next photo)



Completed cocoons being taken off the spinning racks and prepared for roasting



A reeling machine. This one is the type used at the Cul Cunvong Silk Farm and is more complicated than the one employed by the PWD sericulture project.

Received in New York on May 9, 1975